

*Background.* As currently calculated, the traditional passthrough for “USPS Marketing Mail” flats and parcels divides the discount by the avoided cost as shown in Table 1 attached to the Petition.<sup>2</sup> The numerator is the per-pound discount above the breakpoint, for pieces above the breakpoint, versus origin-entered. The denominator is the average avoided cost per pound for all volume, both above and below the breakpoint, versus origin-entered. Petition, Proposal Seven at 1. The Postal Service states this has two shortcomings. The numerator does not include the other price element that varies by depth of entry, the per-piece price element below the breakpoint. *Id.* Second, the numerator and denominator are mismatched; the numerator represents volume above the breakpoint while the denominator represents volume both above and below the breakpoint. *Id.* at 1–2.

*Proposal.* The Postal Service proposes to calculate dropship passthroughs of “USPS Marketing Mail” flats and parcels rate categories to reflect both price elements that vary by depth of entry (per-pound above the breakpoint and per-piece below the breakpoint) as shown in column (i) of Table 1. *Id.* at 2. The Postal Service says this calculation now divides the entire value of the dropship discount, both per piece and per pound, by the total avoided cost. While the denominator can be expressed as either the total avoided cost per piece times the total number of pieces or the total avoided cost per pound times the total number of pounds, Table 1 opts for the former alternative, cost per piece times the total number of pieces  $[(f) \times [(a) + (b)]]$ . *Id.*

*Impacts.* The Postal Service states that the proposed methodology could provide a more accurate representation of passthroughs to ensure discounts do not exceed the Postal Service cost avoided as a result of dropshipping. *Id.* Under the proposal, one passthrough reported in the FY 2016 Annual Compliance Report would have increased from 75.7 percent to 111.0 percent.<sup>3</sup> If adopted, the Postal Service would seek to reset the passthrough at 100 percent or less in the next market dominant price adjustment proceeding or cite a statutory exception. Petition, Proposal Seven at 2–3.

### III. Notice and Comment

The Commission establishes Docket No. RM2017–11 for consideration of

<sup>2</sup> Petition, Excel file “Prop.7.Dropship\_Passthroughs.xlsx,” column (h).

<sup>3</sup> *Id.*; see Petition, Excel file “Prop.7.Dropship\_Passthroughs.xlsx,” columns (h) and (i).

matters raised by the Petition. More information on the Petition may be accessed via the Commission’s Web site at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal Seven no later than September 15, 2017. Pursuant to 39 U.S.C. 505, Katalin K. Clendenin is designated as 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. RM2017–11 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 (Proposal Seven), filed July 28, 2017.

2. Comments by interested persons in this proceeding are due no later than September 15, 2017.

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 publication of this order in the **Federal Register**.

By the Commission.

**Stacy L. Ruble,**  
*Secretary.*

[FR Doc. 2017–16543 Filed 8–4–17; 8:45 am]

**BILLING CODE 7710-FW-P**

## POSTAL REGULATORY COMMISSION

### 39 CFR part 3050

[Docket No. RM2017–10; Order No. 4023]

#### Periodic Reporting

**AGENCY:** Postal Regulatory Commission.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** The Commission is announcing a recent filing requesting that the Commission initiate an informal rulemaking proceeding to consider changes to an analytical method for use in periodic reporting (Proposal Six). This document informs the public of the filing, invites public comment, and takes other administrative steps.

**DATES:** *Comments are due:* September 15, 2017.

**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

On July 28, 2017, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting the Commission to initiate an informal rulemaking proceeding to consider proposed changes to an analytical method related to periodic reports.<sup>1</sup> The Petition identifies the proposed analytical method changes filed in this docket as Proposal Six.

### II. Proposal Six

*Background.* In January 2016, the Postal Service removed the originating network distribution center and network distribution center presort price categories for Parcel Select and the return network distribution center price category for Parcel Return Service (PRS). Petition, Proposal Six at 1. The Postal Service states that “[d]uring the process of modifying these models to remove the portions of the cost studies related to the discontinued price categories, the Postal Service detected some minor errors that required correction.” *Id.* The Postal Service conducted a review of these models to “ensure that they reflected current processing methods” and determine if new data could be incorporated. *Id.*

*Proposal.* The Postal Service seeks to revise the mail processing and transportation cost models for Parcel Select and PRS mail. The proposed changes update the cost models, correct errors, incorporate new data, and re-evaluate some assumptions and methodologies.

*Impact.* The Postal Service estimates that its proposed changes will result in adjustments to both its mail processing and transportation models for Parcel Select and PRS mail.

For mail processing costs, the revisions will decrease Parcel Select Ground Machinable unit cost estimates by 3.4 percent. Petition, Proposal Six at

<sup>1</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Six), July 28, 2017 (Petition).

15, 18. The proposed changes will result in six adjustments to PRS mail processing costs, including a decrease of more than 30 percent in return delivery unit oversize costs. *Id.*

The transportation cost adjustments incorporate methodology changes approved by the Commission in Order No. 3973<sup>2</sup> with the cost model changes the Postal Service proposes in this docket. The resulting Parcel Select cost decreases range from 6.4 to 94.6 percent. Petition, Proposal Six at 15–16, 19. Additionally, the transportation cost for destination sectional center facility rates will increase by 193 percent. *Id.* at 16, 19. The PRS costs for return sectional center facility will decrease by almost 26 percent. *Id.*

### III. Notice and Comment

The Commission establishes Docket No. RM2017–10 for consideration of matters raised by the Petition. More information on the Petition may be accessed via the Commission's Web site at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal Six no later than September 15, 2017. Pursuant to 39 U.S.C. 505, Lyudmila Y. Bzhilyanskaya is designated as 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. RM2017–10 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 (Proposal Six), filed July 28, 2017.

2. Comments by interested persons in this proceeding are due no later than September 15, 2017.

3. Pursuant to 39 U.S.C. 505, the Commission appoints Lyudmila Y. Bzhilyanskaya 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 publication of this order in the **Federal Register**.

By the Commission.

**Stacy L. Ruble,**  
Secretary.

[FR Doc. 2017–16517 Filed 8–4–17; 8:45 am]

**BILLING CODE 7710–FW–P**

<sup>2</sup>Docket No. RM2016–12, Order on Analytical Principles Used in Periodic Reporting (Proposal Four), June 22, 2017 (Order No. 3973).

## ENVIRONMENTAL PROTECTION AGENCY

### 40 CFR Part 52

[EPA–R04–OAR–2016–0462; FRL–9965–68–Region 4]

### Air Plan Approval; Kentucky; Regional Haze Progress Report

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Proposed rule.

**SUMMARY:** The Environmental Protection Agency (EPA) is proposing to approve a State Implementation Plan (SIP) revision submitted by the Commonwealth of Kentucky through the Kentucky Energy and Environment Cabinet, Division of Air Quality (KDAQ) on September 17, 2014. Kentucky's September 17, 2014, SIP revision (Progress Report) addresses requirements of the Clean Air Act (CAA or Act) and EPA's rules that require each state to submit periodic reports describing progress towards reasonable progress goals (RPGs) established for regional haze and a determination of the adequacy of the state's existing SIP addressing regional haze (regional haze plan). EPA is proposing to approve Kentucky's determination that the Commonwealth's regional haze plan is adequate to meet these RPGs for the first implementation period covering through 2018 and requires no substantive revision at this time.

**DATE:** Comments must be received on or before September 6, 2017.

**ADDRESSES:** Submit your comments, identified by Docket ID No. EPA–R04–OAR–2016–0462 at <http://www.regulations.gov>. Follow the online instructions for submitting comments. Once submitted, comments cannot be edited or removed from *Regulations.gov*. EPA may publish any comment received to its public docket. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment. The written comment is considered the official comment and should include discussion of all points you wish to make. EPA will generally not consider comments or comment contents located outside of the primary submission (*i.e.*, on the web, cloud, or other file sharing system). For additional submission methods, the full EPA public comment policy, information about CBI or multimedia submissions, and general guidance on making effective comments, please visit

<http://www2.epa.gov/dockets/commenting-epa-dockets>.

### FOR FURTHER INFORMATION CONTACT:

Michele Notarianni, Air Regulatory Management Section, Air Planning and Implementation Branch, Air, Pesticides and Toxics Management Division, U.S. Environmental Protection Agency, Region 4, 61 Forsyth Street SW., Atlanta, Georgia 30303–8960. Ms. Notarianni can be reached by phone at (404) 562–9031 and via electronic mail at [notarianni.michele@epa.gov](mailto:notarianni.michele@epa.gov).

### SUPPLEMENTARY INFORMATION:

#### I. Background

States are required to submit a progress report in the form of a SIP revision that evaluates progress towards the RPGs for each mandatory Class I federal area<sup>1</sup> (Class I area) within the state and for each Class I area outside the state which may be affected by emissions from within the state. 40 CFR 51.308(g). In addition, the provisions of 40 CFR 51.308(h) require states to submit, at the same time as the 40 CFR 51.308(g) progress report, a determination of the adequacy of the state's existing regional haze plan. The progress report is due five years after submittal of the initial regional haze plan. Kentucky submitted its regional haze plan on June 25, 2008, as later amended in a SIP revision submitted on May 28, 2010.<sup>2</sup>

Like many other states subject to the Clean Air Interstate Rule (CAIR), Kentucky relied on CAIR in its regional haze plan to meet certain requirements of EPA's Regional Haze Rule, including best available retrofit technology (BART) requirements for emissions of sulfur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>) from certain electric generating units (EGUs) in the Commonwealth.<sup>3</sup> This reliance was consistent with EPA's regulations at the time that Kentucky developed its regional haze plan. See 70 FR 39104 (July 6, 2005). However, in 2008, the United States Court of Appeals for the District of Columbia Circuit (D.C. Circuit) remanded CAIR to

<sup>1</sup> Areas designated as mandatory Class I federal areas consist of national parks exceeding 6000 acres, wilderness areas and national memorial parks exceeding 5000 acres, and all international parks that were in existence on August 7, 1977 (42 U.S.C. 7472(a)). Listed at 40 CFR part 81 Subpart D.

<sup>2</sup> Throughout this document, references to Kentucky's "regional haze plan" refer to Kentucky's original June 25, 2008, regional haze SIP submittal, as later amended in a SIP revision submitted on May 28, 2010.

<sup>3</sup> CAIR required certain states, including Kentucky, to reduce emissions of SO<sub>2</sub> and NO<sub>x</sub> that significantly contribute to downwind nonattainment of the 1997 National Ambient Air Quality Standard (NAAQS) for fine particulate matter (PM<sub>2.5</sub>) and ozone. See 70 FR 25162 (May 12, 2005).