

Press Release

December 19, 2008

PRC Rules on Nonpostal Services

Washington, DC – The Postal Regulatory Commission today issued its review of nonpostal services provided by the Postal Service. The Postal Accountability and Enhancement Act of 2006 (PAEA) directed the Commission to review, within two years of enactment of the law, each nonpostal service offered by the Postal Service, and limited the Postal Service’s authority to provide nonpostal services to those it provided as of January 1, 2006. Order No. 154 is available on the Commission’s website at www.prc.gov.

In conducting its review, the Commission required the Postal Service to identify and provide a complete description of all revenue generating activities that were not “postal services”, and to classify them as market dominant, competitive, or experimental. The Postal Service identified 47 activities. The Commission received sworn statements and briefs from interested parties on the issues.

To determine which services were subject to review, the Commission defined “service” to mean an ongoing activity of a commercial nature offered to the public for purposes of financial gain. Based on that standard and taking into account the public need for the service and the ability of the private sector to meet the public need for the service, the Commission found that 25 of the services were not subject to review under section 404(e), that 6 of the services should be classified as postal services, and that the remaining 16 services qualified as nonpostal services. Regarding the latter, the Commission determined that the Postal Service may not offer stored value cards as it had proposed.

The Order contemplates three subsequent proceedings: (1) a second phase of this proceeding will provide parties an opportunity to develop a more complete record on certain licensing issues; (2) the Commission will initiate a rulemaking proceeding to consider how nonpostal services should be regulated under title 39; and (3) the Postal Service is directed to make an appropriate filing under section 3642 of the Act to add the 6 services classified as postal to the Mail Classification Schedule product list.

“It is important to note that the PAEA defined postal and nonpostal services for the first time,” said Chairman Dan G. Blair. “In this Order, we implement section 404(e) in a manner that is consistent with the underlying purpose of the PAEA, allowing the Postal Service to transact its core business without cumbersome procedures, while also bringing regulatory oversight to an area that has long been a source of concern.”

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