

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Tony L. Hammond, Vice Chairman;
Mark Acton;
Dan G. Blair; and
Nanci E. Langley

Modification of Mail Classification
Schedule Product Lists in Response
to Order No. 154

Docket No. MC2009-19

ORDER ACCEPTING PRODUCT DESCRIPTIONS AND
APPROVING ADDITION OF STAMP FULFILLMENT SERVICES
TO THE MAIL CLASSIFICATION SCHEDULE PRODUCT LISTS

(Issued July 13, 2010)

I. INTRODUCTION

On February 23, 2010, the Postal Service filed additional Address Management Services (AMS) product descriptions to the market dominant product list.¹ That filing

¹ First Response of the United States Postal Service to Order No. 391, Amending Requested MCS Language for Address Management Services, February 23, 2010 (First Response). Accompanying the First Response was a Postal Service motion for late acceptance based upon the severe weather that had disrupted the Postal Service's review process immediately prior to the original filing deadline. Motion for Late Acceptance of First Response of the United States Postal Service to Order No. 391, Amending Requested MCS Language for Address Management Services, February 23, 2010. The motion for late acceptance is granted.

was made in response to Commission Order No. 391.² On April 26, 2010, the Postal Service filed a request to add Stamp Fulfillment Services (SFS) to the market dominant product list.³ This latter filing was also made at the direction of the Commission in Order No. 391. Order No. 391 at 31. For the reasons set forth below, the Commission accepts the proposed product descriptions for filing and approves the Postal Service's request to add SFS to the market dominant product list.

II. POSTAL SERVICE FILINGS

In its First Response, the Postal Service proposed additions and revisions to the AMS product description language contained in a Commission Library Reference that accompanied the issuance of Order No. 391 and was filed in Docket No. MC2009-19.⁴ The Postal Service's proposal differed in several respects from the filing directed by Order No. 391. First, one of the product descriptions that the Commission had directed the Postal Service to file, *i.e.*, Mailpiece Quality Control Certification, was omitted because the Postal Service no longer offers that service. First Response at 1-2. Second, Address Management Services prices were edited to remove references to Cartridge pricing since this format is no longer available; a description of the Computerized Delivery Sequence (CDS) No Stat service was added to reflect the fact that the minimum price for this service is treated separately from the CDS service

² Order Approving Addition of Postal Services to the Mail Classification Schedule Product Lists, January 13, 2010 (Order No. 391).

³ Request of the United States Postal Service to Add Stamp Fulfillment Services to the Mail Classification Schedule in Response to Order No. 391, April 26, 2010 (Request). In the Request, the Postal Service states that it is filing separate requests to add charges for orders of philatelic items to the provisional Philatelic Sales nonpostal product and to add charges for personalized stamped envelopes to the Stamped Envelopes ancillary Special Services section of the Mail Classification Schedule. See Docket No. MC2009-20, Notice of the United States Postal Service of Amendment to Mail Classification Schedule Language for Nonpostal Activities Required to be Filed By Order No. 154, April 26, 2010; see *also* Docket No. MC2010-23, Notice of the United States Postal Service of Classification Change to Add Existing Shipping Charges to the Mail Classification Schedule Section for Stamped Envelopes, April 26, 2010.

⁴ Request at 1 and Attachment A. See *also* Notice of Filing of Library Reference, January 13, 2010 (Library Reference).

minimum; and a previously omitted price for re-testing FASTforward MLOCR was added. Finally, the Postal Service has added information regarding two existing services or license types that were previously overlooked: 99 Percent Accurate Method, and NCOA^{Link} Mail Processing Equipment. *Id.* at 2.

In its Request, the Postal Service states that Stamp Fulfillment Services is an existing service, and that the Request relates only to the charges for ordering stamps. Attachment A to the Request shows the proposed changes to the MCS in legislative format. Attachment B provides a statement of supporting justification for the Request. The Postal Service asserts these classification changes are consistent with the requirements of 39 U.S.C. 3642. Request at 1-2.

Commission Order No. 449 provided formal notice of the Postal Service's First Response and its Request, established the captioned docket to consider both filings, appointed an officer of the Commission to represent the interests of the general public, and set May 19, 2010 as the deadline for comments.⁵

On May 25, 2010, the Chairman issued an information request to the Postal Service seeking additional information and clarifications.⁶ The Postal Service responded to CHIR No. 3 on June 1, 2010.⁷

III. COMMENTS

The only comments filed in response to Order No. 449 were comments filed by the Public Representative.⁸ The Public Representative generally supports the Postal

⁵ Notice and Order Concerning the Addition of Address Management Services Product Descriptions and Stamp Fulfillment Services to the Mail Classification Schedule, April 28, 2010 (Order No. 449).

⁶ Chairman's Information Request No. 3, May 25, 2010 (CHIR No.3).

⁷ Response of the United States Postal Service to Chairman's Information Request No. 3, June 1, 2010 (Response to CHIR No. 3).

⁸ Public Representative Comments in Response to Order No. 449, May 19, 2010 (Public Representative Comments).

Service's proposed changes to the MCS language for AMS.⁹ *Id.* at 3. The Public Representative also supports the addition of SFS to the MCS. *Id.* at 2.

IV. COMMISSION ANALYSIS

The First Response contains seven of the eight product descriptions that the Postal Service was directed by Order No. 391 to file.¹⁰ The Postal Service states that the eighth AMS product (Mailpiece Quality Control Certification) is no longer offered, and that a description of this latter service has therefore been omitted from the February 23, 2010 filing. First Response at 1-2. The only other changes proposed by the Postal Service in this filing are various proposed edits to the AMS Prices section of the MCS and the addition of two services mistakenly overlooked by the Postal Service in prior filings (99 Percent Accurate Method, and NCOA^{Link} Mail Processing Equipment). All of the proposed changes are set forth in Attachment A to the Postal Service's First Response.¹¹ The Public Representative either supports or does not oppose these changes.

The product descriptions proposed by the Postal Service in its First Response appear to comply with the directives of Order No. 391 and are otherwise acceptable. The Commission therefore accepts all of the proposed product descriptions for filing. The Commission would, however, note that no pricing information accompanies the product description for NCOA^{Link} Mail Processing Equipment. Given the nature of this service, the Commission will assume that there is no fee for this service, unless the

⁹ The Public Representative notes that one change to the AMS product descriptions—the deletion of "System" from "DPV System" prices appears to have been inadvertent and, in any event, appears to have no significance. *Id.*

¹⁰ Those seven product descriptions are: Advance Notification and Tracking System, MACTM Batch System Certification, MACTM Gold System Certification, MACTM System Certification, PAGE System Certification, PAVETM System Certification, and Z4INFO.

¹¹ Attachment A consists of an edited version of the January 13, 2010 Commission Library Reference, PRC-MC2009-19-LR1, that was issued in tandem with Order No. 391. See Order No. 391 at 2.

Postal Service within 14 days of the date of this Order files a request to add a fee to the product description for this service.

The Postal Service has also requested the addition of SFS to the MCS. As proposed, stamp orders mailed to domestic destinations will, in general, be charged a \$1.00 handling fee, plus an additional \$2.00 if the order is a customized order.¹² Orders mailed to non-domestic destinations will pay a \$6.00 handling fee, plus \$2.00 for customized orders. Attachment A at 1; *id.*, notes 1 and 2. These handling fees do not apply to certain combined orders of stamps and philatelic items, to certain stamps sent as part of a subscription, or to orders requesting expedited shipping. *Id.*, notes 1 and 2.

In response to CHIR No. 3, the Postal Service clarifies several important points. First, with one exception, all stamp sales will be treated as part of the SFS product regardless of the reason for the purchase. Response to CHIR No. 3 at 1-2. That exception consists of stamp-related items specifically identified in the proposed MCS definition for Philatelic Sales (*i.e.*, first day covers, ceremony programs, uncut press sheets, framed stamps, binders for storing stamps, stamp yearbooks, and philatelic guides). *Id.*¹³ As a result, all revenue from stamp sales, except for items identified as philatelic, will be assigned to the SFS product. *Id.*

CHIR No. 3 also requested the Postal Service to explain how it will allocate revenues and expenses between SFS and Philatelic Sales products when it receives combined orders for stamps and philatelic items. In its response, the Postal Service notes that only 5 percent of transactions are expected to involve such combined orders, and that it is working on a method for allocating revenues and expenses between SFS and Philatelic Sales for combined orders. Response to CHIR No. 3 at 3. When development of the allocation methodology is completed, the Postal Service will be

¹² See Request, Attachment A, notes 1 and 2.

¹³ See *also* Docket No. MC2009-20, Notice of the United States Postal Service of Amendment to Mail Classification Schedule Language for Nonpostal Activities Required to be Filed by Order No. 154, April 26, 2010, Attachment A.

expected to petition for approval of that methodology pursuant to 39 CFR 3050.11 of the Commission's regulations.

Finally, in Response to CHIR No. 3, the Postal Service clarifies that the "stamp orders" covered by Stamp Fulfillment Services include orders for stamps, stamped cards, envelopes, and stationery. *Id.*

Upon review of the Postal Service's Request, the Response to CHIR No. 3, and the comments of the Public Representative, the Commission finds that the supporting justification is adequate, and that the classification changes are consistent with the requirements of 39 U.S.C. 3642. Accordingly, the Commission approves inclusion of SFS in the draft MCS and accepts the proposed product description for filing.

The Commission previously found it consistent with 39 U.S.C. 3642 to publish product list changes on a periodic (monthly) basis in the *Federal Register*. Therefore, the addition of Stamp Fulfillment Services to the market dominant product list,¹⁴ appearing in the attachment to this Order, will be included in the next periodic update.

V. ORDERING PARAGRAPHS

It is Ordered:

1. The Postal Service's request to add Stamp Fulfillment Services to the Mail Classification Schedule Market Dominant Product List is approved as discussed in the body of this Order.
2. The product descriptions for the following services are accepted for filing as set forth in Attachment A to the First Response filed by the Postal Service on February 23, 2010: Address Management Services: Advance Notification and Tracking System; MAC™ Batch System Certification; MAC™ Gold System Certification; MAC™ System Certification; PAGE System Certification; PAVE™

¹⁴ Docket Nos. MC2010-21 and CP2010-36, Order No. 445, Order Concerning Global Reseller Expedited Package Contracts Negotiated Service Agreement, April 22, 2010, at 8.

System Certification; Z4INFO; 99 Percent Accurate Method; and NCOA^{LINK} Mail Processing Equipment.

3. In the event the Postal Service charges a fee for NCOA^{LINK} Mail Processing Equipment, it shall within 14 days of the date of this Order file a revised product description for this service that includes such fee.
4. The product description for Stamp Fulfillment Services set forth in Attachment A to the Request filed by the Postal Service on April 26, 2010, is accepted for filing.
5. The product descriptions accepted for filing by Ordering Paragraphs 2 and 4 are intended for future inclusion in the Mail Classification Schedule codified at 39 CFR Appendix A to Subpart A of Part 3020—Mail Classification Schedule. These product descriptions are tentative and remain subject to modification by further Commission order prior to inclusion in the final Mail Classification Schedule to be promulgated by the Commission.
6. The Secretary shall arrange for publication in the *Federal Register* of an updated product list reflecting the change made in this Order.

By the Commission.

Shoshana M. Grove
Secretary

CHANGE IN MAIL CLASSIFICATION SCHEDULE
CHANGE IN PRODUCT LIST

The following material represents changes to the product list codified at 39 CFR Appendix A to Subpart A of Part 3020—Mail Classification Schedule. These changes are in response to Docket No. MC2009-19. The Commission uses two main conventions when making changes in the product lists. The addition of text is indicated by underscore. Deleted text is indicated by a strikethrough.

MAIL CLASSIFICATION SCHEDULE

Part A—Market Dominant Products
1000 Market Dominant Product List

* * *

Special Services

Post Office Box Service

Stamp Fulfillment Services

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