

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

Before Commissioners:

Robert G. Taub, Chairman;
Michael Kubayanda, Vice Chairman;
Mark Acton;
Ann C. Fisher; and
Ashley E. Poling

Removal of Customized Postage
From the Mail Classification Schedule

Docket No. MC2020-126

NOTICE AND ORDER CONCERNING REMOVAL OF CUSTOMIZED POSTAGE
FROM THE MAIL CLASSIFICATION SCHEDULE

(Issued May 4, 2020)

I. INTRODUCTION

On May 1, 2020, the Postal Service filed a formal request to remove Customized Postage from the Mail Classification Schedule (MCS).¹ To support its Request, the Postal Service filed a copy of the Governors' Decision authorizing the request, a Statement of Supporting Justification required by 39 CFR 3040.132, and proposed changes to the MCS.

II. SUMMARY OF CHANGES

The Customized Postage program offers customers the ability to personalize postage indicia using the customers' own images or text. Request at 1. The program was

¹ Request of the United States Postal Service to Remove Customized Postage from the Mail Classification Schedule, May 1, 2020 (Request).

established in 2004 as a revenue-generating mechanism and is only offered through authorized vendors. *Id.* The Postal Service requires that authorized vendors adopt the eligibility criteria set forth in 39 CFR 501.21(b) to ensure the images included in the customized indicia are both appropriate for the program and protective of the Postal Service's legal, financial, and brand interests. *Id.* at 2. The Postal Service retains the right under 39 CFR 501.21(c)(7) to suspend or revoke a vendor's authorization if it determines the Customized Postage products constitute an unacceptable business risk. *Id.*

The Postal Service asserts that over time, the eligibility criteria have become the source of customer complaints and the subject of legal disputes. *Id.* As such, the Postal Service recently reevaluated the Customized Postage program to determine whether its benefits outweigh the business risks. *Id.* Its assessment found that the demand and revenue for the Customized Postage program has steadily declined in recent years. *Id.* The Postal Service also determined that the number of requests for new authorizations has also declined, and as of June 16, 2020, no authorized vendors will remain for the Customized Postage program. *Id.* The Postal Service states that the revenue from the Customized Postage program has also declined by approximately \$11 million from FY 2017 to FY 2019. *Id.* at 3. The Postal Service states that it believes it would have received the majority of the revenue even in absence of the Customized Postage program. *Id.* Therefore, the Postal Service determined that the business risks of the Customized Postage program outweigh the declining benefits of the program. *Id.*

The Postal Service maintains that the removal of the Customized Postage program would only minimally impact consumers and small businesses. *Id.* It notes that demand for the program has been weak and continually declining, and notes that there are several alternatives to Customized Postage in the Postal Service's existing offerings. *Id.* at 3-4.

The Postal Service states that it has considered whether removal of the Customized Postage program is consistent with the factors and objectives of section 3622 as required by 39 CFR 3040.132(b). *Id.* at 4. It maintains that "none of the factors and objectives of 39 USC § 3622 are directly applicable" to removal of the Customized Postage program but that it is "nonetheless consistent with the spirit of Section 3622." *Id.* at 4.

III. NOTICE OF COMMISSION ACTION

Pursuant to 39 CFR 3040.133, the Commission has posted the Request on its website and invites comments on whether the Postal Service's filings are consistent with 39 CFR 3040.321. Comments are due no later than May 18, 2020. The filing can be accessed via the Commission's website (<http://www.prc.gov>).

The Commission appoints Richard A. Oliver to represent the interests of the general public (Public Representative) in this docket.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission establishes Docket No. MC2020-126 to consider matters raised by the Notice.
2. Comments by interested persons are due by May 18, 2020.
3. Pursuant to 39 U.S.C. 505, Richard A. Oliver is appointed to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.
4. The Commission directs the Secretary of the Commission to arrange for prompt publication of this notice in the *Federal Register*.

By the Commission.

Erica A. Barker
Secretary