

ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

SPECIAL SERVICES FEES AND CLASSIFICATIONS,
1996

Docket No. MC96-3

**NOTICE OF THE UNITED STATES POSTAL SERVICE
OF DECISION OF THE GOVERNORS
(May 6, 1997)**

The following decision of the Governors has been mailed to the service list in
Docket No. MC96-3:

DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE
ON THE RECOMMENDED DECISION OF THE POSTAL RATE COMMISSION
ON SPECIAL SERVICES FEES AND CLASSIFICATIONS,
DOCKET NO. MC96-3.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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May 6, 1997
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**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE
ON THE RECOMMENDED DECISION OF THE POSTAL RATE COMMISSION
ON SPECIAL SERVICES FEES AND CLASSIFICATIONS, DOCKET NO. MC96-3**

May 5, 1997

STATEMENT OF EXPLANATION AND JUSTIFICATION

On April 2, 1997, the Postal Rate Commission transmitted to us its Opinion and Recommended Decision in Docket No. MC96-3. The Postal Service initiated this proceeding with its Request for a Recommended Decision on Special Service Changes, filed with the Commission on June 7, 1996. In the proceedings on this request, the Commission and the parties before it have explored the scope and limits of making selected interim fee and classification adjustments between omnibus postal rate cases. The Commission recommended a number of the proposed classification and fee changes. Although we reach different conclusions on several points addressed in the Commission's opinion, we approve the recommended decision in accordance with 39 U.S.C. § 3625(b).

INTERIM RATE AND FEE CHANGES

While proposing classification and pricing reforms for selected special services, the Postal Service asked the Commission to recommend fees producing additional net revenue, outside of an omnibus proceeding that would consider the entire rate schedule. The proposed fees, along with the classification changes, were intended to improve the performance of the particular services by adjusting them in accordance with the statutory rate and classification criteria expressed in the Postal Reorganization Act (Act). Both cost and demand considerations supported the proposed fees. Moreover, the proposals were designed in part to help meet the Board of Governors' equity restoration goals as expressed in Board Resolution No. 95-9.

For some proposals the Commission has indicated that the next omnibus rate proceeding may provide a more suitable context for considering adjustments of the kind or degree which the Postal Service proposed. We are pleased, nevertheless, that the Commission has recommended many of the Postal Service's classification proposals, and has reaffirmed that the Act accommodates requests such as this one for improvements in rates, fees, and classifications outside of an omnibus proceeding. Both the Commission and the Governors agree that the statutory break-even requirement in the Act does not preclude making beneficial changes in the circumstances of this proceeding.

We are disappointed, however, that the Commission declined to recommend proposals for fee changes based largely on evidence about the demand and user characteristics for certain special services, such as post office box service in urban areas, and return receipt service. The Act contemplates changes based on this kind of evidence in ratemaking, in our view. We think it unlikely that Congress intended, even in the interval between omnibus rate cases, to tie the hands of the Commission and the Governors to the extent that postal ratesetting must focus so predominantly on costs and only in so limited circumstances consider customer demand and other vital concerns of the ongoing business.

CLASSIFICATIONS AND FEES

We now turn to the classifications and fees recommended to us.

Post Office Box and Caller Service.

The Postal Service requested structural changes in how fees for post office box and caller service are grouped by categories of postal facilities. It also requested fee increases for these services to improve cost coverage from 100 percent to 128 percent. The present box fee schedule defines three basic fee groups differentiated in the Domestic Mail Classification Schedule by the type of carrier delivery provided by a post office: city delivery, rural and highway contract routes, and offices without delivery. The city delivery group is further subdivided in three parts based upon local real estate costs, so that there are a total of five separate fee groupings.

The Postal Service proposed to continue five fee groups, but to remove the definitions of those groupings from the Domestic Mail Classification Schedule to improve management's flexibility.¹ The Commission has recommended these new fee groups. We agree that this provides the Postal Service with the needed flexibility to improve much of the post office box fee structure in the future.

The Postal Service proposed and the Commission recommended substantial fee increases for the group which now covers non-city delivery offices, although the Commission recommended a smaller increase than requested. We believe the recommendation is an important first step in making the fees more consistent with those for city delivery offices.

The Commission declined to recommend most of the fee increases that the Postal Service requested for city delivery offices.² It did recommend fee increases for larger

¹ The Postal Service has indicated that its initial plans are to make new groups A, B, C, and D the functional successors to current groups 1A, 1B, 1C and 2, respectively. Group E will consist of all non-delivery post offices.

² We are disappointed that the recommended decision limits fee increases to those combinations of box sizes and fee groups that currently fail to recover their

boxes in larger cities to help bring fees closer to, or above, estimated costs. This is only a small step toward better reflecting the value of service of post office box service in urban areas, and toward reflecting other business concerns unrelated to costs.

Caller service provides a pick-up service at the window or loading dock for customers whose mail volume may exceed the capacity of the largest size post office box. The Postal Service proposed to standardize the fee for caller service. This would have entailed increases in two groups, and the extension of caller service to the current rural grouping, Group D, where it has had only limited availability. The Commission did not recommend the increases to make the fees uniform for all groups, but did recommend a fee to extend caller service to Group D.

In the most recent omnibus rate case, Docket No. R94-1, based on an FY 1995 test year, the Commission recommended a cost coverage of 115.4 percent for post office boxes, the lowest coverage recommended up to that date. The present recommendations provide for only a 105 percent cost coverage for post office box and caller service fees. We believe, and given the Commission's previous recommendations for this service think the Commission may agree, that a substantially higher cost coverage should be forthcoming in the future.

Finally, the Commission recommended a footnote to the rate schedule for post office boxes. The effect is to offer boxes without charge to many customers who are not eligible for carrier delivery.³ This offering of free box service would apply regardless of whether the box is located at an office without carrier delivery. We note that this recommendation exceeds the scope of the request, which limited no-charge status to boxes at offices with no carrier delivery. The recommended decision is estimated to extend the offer of free boxes to over 500,000 additional customers at offices providing carrier delivery. The recommendation comes after the Postal Service's announcement, during the course of the proceeding, of its plans to offer these same customers boxes at no charge as a matter of policy. Although we support that plan, we would have preferred that its implementation be left within the discretion of management.

Despite some misgivings about aspects of the Commission's recommendations for post office box and caller service, we approve the recommended changes. We believe that the increased flexibility in box groupings is valuable, and trust that our concerns

attributable costs. We believe that the record includes strong evidence to support other fee increases based on demand considerations for all box sizes in city delivery offices.

³ Eligibility for a group E fee is conditioned upon administrative decisions by the Postal Service regarding the proximity of a customer's physical address to the post office. This condition is expressly included in the Domestic Mail Classification Schedule.

about the other recommendations can be addressed by the Postal Service and the Commission in the future.

Nonresident Surcharge.

The Postal Service requested a new nonresident surcharge for box service obtained by a customer from a post office different from the one responsible for carrier delivery to the same customer's physical address. The purpose was to reflect value of service and to support expansion of box supply where needed to respond to demand. There is evidence of high demand for post office boxes at some locations, for reasons of prestige and convenience. The Commission did not recommend the fee, finding insufficient grounds for it, at least in the context of an interim rate case. We accept the recommendation. While we recognize that the hearing revealed this proposal was controversial as presented, we continue to believe that a way can be found to reflect the value of service, while supporting an expansion of box supply so that customers who apply for box service at particular post offices can get the service they want.

Certified Mail.

The Postal Service proposed a fee increase for certified mail amounting to 36 percent, from \$1.10 to \$1.50. This increase was long overdue, particularly given this product's persistent failure to cover its attributable costs and its relatively low price in comparison to alternatives. The Commission recommended an increase of only 25 cents, from \$1.10 to \$1.35, with a cost coverage estimated by the Commission of 124 percent.^{4 5} The primary reason for not recommending the Postal Service's full 36 percent increase appears to be an interest in moderating the impact on mailers. Protecting customers from the effects of unnecessarily steep increases in their postage bill is one of the non-cost concerns which we properly consider, along with the costs of the service, in approving fee adjustments. Although we do not believe that the size of the proposed increase in this proceeding would have amounted to a fee shock for certified mail users, we accept the recommended fee increase for this product as an important first step toward correcting the unusually low cost coverage.

⁴ The Commission's recommended increase was based primarily on the correction of an error in cost and revenue allocation that, in prior proceedings, resulted in inappropriately low fee levels. While we agree with this basis for adjusting the fee, we think that demand factors presented in the record also support the increase.

⁵ Although we rely herein on the cost coverages estimated by the Commission, it has come to our attention that some of the revenues used to calculate those cost coverages may be slightly overstated, due to an apparent minor programming error in the volume forecasting spreadsheets included in PRC-LR-3. The differences need not affect the fees recommended.

Return Receipt.

For simpler and more reliable service, the Postal Service proposed to restructure the classification schedule for return receipts by merging the two options presently available at the time of mailing. These consist of (1) a return receipt showing to whom, signature and date delivered ("basic option"), and (2) a return receipt showing to whom, signature, date delivered and delivery address ("address option"). In their place, the Postal Service proposed a new, modified service of return receipt showing to whom delivered, signature, the date delivered, and the delivery address only if it differs from the address on the mail piece ("combined service"). Fees for the combined service were proposed to be equivalent to the fees for the address option that is offered today, currently \$1.50 and \$1.65 for nonmerchandise and merchandise return receipts, respectively. This proposal would not have resulted in a fee increase for address-option customers, although basic option customers would have paid higher fees for the combined service. The Commission, however, recommended that the fees for the new combined service be set at basic option prices, now \$1.10 and \$1.20 for nonmerchandise and merchandise return receipts, respectively. The effect of the recommended decision would be to reduce revenue and increase the per-piece cost for return receipt service, and thus to reduce its cost coverage, according to the Commission, to 125 percent.

We agree with the testimony that the new combined service more closely resembles the existing address option, thereby warranting a fee commensurate with the return receipt fee paid by address option customers. We have, nonetheless, determined to approve the classification and fees for return receipt as recommended, because the product simplification objectives underlying this proposal will ease administration and improve service.

The Postal Service also proposed limiting availability of return receipt service for merchandise, within First-Class Mail to the Priority Mail subclass, and within Standard Mail for specified subclasses. The Commission recommended these classification changes, and we approve them. These changes will better protect against unintended or incorrect usage of return receipt for merchandise service.

Insurance.

The Postal Service proposed raising the limit of indemnity for domestic insured mail from \$600 to \$5,000, and for merchandise sent by domestic Express Mail from \$500 to \$5,000. The proposal extended the current incremental insured mail fee, recommended in the previous rate case, of \$0.90 per \$100 in insured value, to the new value increments. The proposal also offered reforms for Express Mail insurance, including a 100-fold reduction in the document reconstruction indemnity limit for Express Mail insurance, from \$50,000 per piece and \$500,000 per occurrence, to \$500 per piece and \$5,000 per occurrence. In addition, for Express Mail articles with contents valued at less than \$15.00, the Postal Service proposed

to pay the actual value of the contents, rather than \$15.00. The recommended decision includes all of these changes, and we approve them. These changes will promote fairness and enhance convenience and customer satisfaction.

Registered Mail.

Currently, insurance coverage up to \$25,000 is optional for registered mail. For simplicity, the Postal Service proposed to include insurance up to \$25,000 for all registered mail valued above \$100. All such registered mail would be subject to the current fees for registered mail with insurance, rather than the marginally lower fees for uninsured registry. Customers would retain the option of uninsured registry for articles valued up to \$100. The Commission recommended these proposed changes. A simpler fee schedule is consistent with the findings from market research and existing usage patterns. This measure will improve administration by reducing complexity. We approve this change.

Stamped Cards.

The Postal Service proposed a separate special service fee for stamped cards of 2 cents. This was designed to recover the manufacturing costs of postal cards. The new fee was intended to be analogous to the fee for stamped envelopes. The customer pays a fee on top of the face value of postage for the stationery offered with the postage indicium.

The Commission has recommended a "shell" classification for stamped cards, but has not recommended a fee at this time. We concur in the Commission's view that a classification for stamped cards is reasonable and in accordance with the Act. Stamped cards and stamped envelopes should be accorded equal treatment in the classification schedule. Both products provide the sender with postal stationery that the mailer would otherwise have to purchase separately. In addition, both provide postal stationery with a postage indicium pre-affixed, thereby saving mailers the trouble of having to apply postage to pieces. This proposal also promotes fairness in that it will shift the manufacturing costs of stamped cards from the postal and post cards subclass to a stamped card fee. This will cause the customer who receives the benefits of stamped cards to bear the manufacturing costs directly. In addition, private postcard users, who do not receive free stationery and affixation of postage, would no longer support the manufacturing costs of stamped cards, because the stamped card fee is intended to isolate the stationery costs unique to stamped cards.

We have received objections to the concept of a stamped card fee, partly on the argument that the fee would raise processing costs by inducing customers to migrate from stamped cards to private postcards, which are more expensive to process on average. Quantitative evidence for this movement is lacking. Even if some postal card mailers switch to private postcards, there is no reason to suppose

that their comparatively low cost characteristics would fail to switch with them. The argument was also made that the analogy provided by fees for stamped envelopes is not useful for stamped card classification because stamped envelopes are no less costly to process than a typical envelope. But the record does not contain evidence of the processing costs for stamped envelopes considered separately from other envelopes, nor do we see the materiality as applied to the stamped card classification.

We are disappointed that this proceeding did not produce a recommendation of a fee for the new stamped card special service classification. In past proceedings, we have questioned the appropriateness of shell classifications. In this case, the manufacturing costs of postal cards were identifiable and quantified, and would support setting a fee for the new classification.

The Commission declined to recommend a fee primarily because the manufacturing costs of postal cards were included in the attributable costs of the postal and post card subclass in the Postal Service's cost presentation. If the difference were material, we would agree. But the manufacturing costs of postal cards constitute so insignificant a fraction of overall postal and post card subclass costs – the record suggests less than one percent – that the rates for the subclass would not have been different if these costs were discounted. Thus, the manufacturing costs of postal cards could have been charged to the special service classification for stamped cards, without consequence to postal and post cards subclass postage rates.

The stamped card classification promotes fairness, equity, and consistency in the classification schedule. We approve the shell classification, along with corresponding changes in nomenclature, for stamped cards. Our approval under the specific circumstances of this case is not intended to signal any lessening of the Governors' consistently expressed dissatisfaction with shell classifications as reflected in our prior decisions.

Special Delivery.

The Postal Service proposed, and the Commission recommended, elimination of special delivery service. Special delivery service volume and revenue have plummeted since postal reorganization, signaling that special delivery mail has reached the end of its product cycle. Special delivery customers are better served by Express Mail, certified mail, restricted delivery, or registered mail. These alternatives offer the customer benefits that special delivery has lacked, such as combinations of guaranteed overnight service, insurance, accountability, unique identifiers, return receipt availability, and more personalized delivery. We approve this recommendation.

CITY CARRIER COSTING

In our Decisions in prior omnibus rate cases, Docket Nos. R90-1 and R94-1, the Governors have expressed concern regarding the manner in which the Commission has attributed city carrier access costs, citing what we have considered to be procedural and substantive defects of the method which attributes "single-subclass" access costs. We also have urged the use of approaches that seem to us more procedurally and economically sound. In its recommended decision in this case, the Commission again took exception to the way in which the Postal Service attributed city delivery access costs, as well as certain costs of delivery in Alaska and other functions. In place of the attributable costs estimated by the Postal Service, the Commission relied on analyses conducted off the record by its staff, using methods which it considers comport better with previous recommended decisions. The Commission noted that the effect of this substitution on the special services fees recommended was negligible.

We agree that the Commission's choice of attribution methods did not significantly affect the outcome of this case. We continue to believe, nevertheless, that the methods employed have some flaws from economic and business standpoints, and can inaccurately reflect the actual resource costs of providing service to particular mail classes. In future cases, these methods might lead to rates and fees which send the wrong signals to mailers and competitors. As accurate costs are an important element in the mix of factors which should affect prices, the Governors expect that the Postal Service will develop cost information in a manner which seeks best to reflect the actual incurrence of costs for each piece of mail, and that such cost information will be used in future proceedings. At the same time, inasmuch as the Commission's preferences for certain cost attribution methods stem, at least in part, from a desire for further assurance against potentially illegal cross-subsidization in rates, we urge the use of economically sound cost measures specifically designed to detect and assist in eliminating such cross-subsidization.

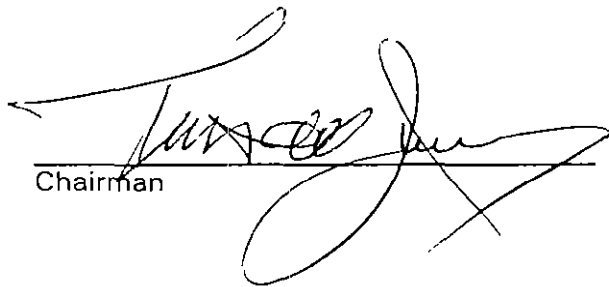
ESTIMATE OF ANTICIPATED REVENUE

The Postal Reorganization Act requires that our Decision include an estimate of anticipated revenues. 39 U.S.C. § 3625(e). We estimate that the approved fees will increase test year revenues by approximately \$100 million.

ORDER

In accordance with the foregoing Decision of the Governors, the changes in mail classification and fees for postal services set forth in Attachments A and B hereto and incorporated herein are hereby approved and ordered into effect. In accordance with Resolution 97-7 of the Board of Governors dated May 5, 1997, the changes will take effect at 12:01 a.m. on June 8, 1997.

By The Governors:


Chairman

ATTACHMENT A TO THE
DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE
ON THE RECOMMENDED DECISION OF THE POSTAL RATE COMMISSION ON
SPECIAL SERVICES FEES AND CLASSIFICATIONS, DOCKET NO. MC96-3
(MAY 5, 1997)
CHANGES IN THE DOMESTIC MAIL CLASSIFICATION SCHEDULE

The following material represents changes in the Domestic Mail Classification Schedule (DMCS) approved by the Governors of the United States Postal Service in response to the Commission's Recommended Decision in Docket No. MC96-3. Changes are generally identified by underlining additions to the DMCS, striking deletions, or substituting new text for old. Certain editorial revisions that do not affect the substance of the recommendations are included without special notation.

Amend the Expedited Mail Classification Schedule by deleting the text that is stricken and inserting the text that is underlined:

**EXPEDITED MAIL
CLASSIFICATION SCHEDULE**

110 DEFINITION

Expedited Mail is mail matter entered as Express Mail in accordance with the provisions of this Schedule. Any matter eligible for mailing may, at the option of the mailer, be mailed as Express Mail. Insurance is either included in Express Mail postage or is available for an additional charge, depending on the value and nature of the item sent by Express Mail.

* * * * *

160 ANCILLARY SERVICES

The following services may be obtained in conjunction with mail sent under this classification schedule upon payment of applicable fees:

Service	Schedule
a. Address correction	SS-1
b. Return receipts	SS-16
c. COD	SS-6
d. <u>Express Mail Insurance</u>	<u>SS-9</u>

* * * * *

~~480~~ **INSURANCE AND INDEMNITY**

~~481~~ **Insurance Coverage**

~~Express Mail is insured against loss, damage or rifling at no additional charge.~~

~~482~~ **Indemnity Coverage**

~~482.1 Payment of Indemnity. Indemnity will be paid by the Postal Service as follows:~~

- ~~a. For document reconstruction the maximum liability is \$50,000 per piece, up to \$500,000 per occurrence regardless of the number of claimants, to be paid under terms and conditions prescribed by the Postal Service.~~
- ~~b. For merchandise the maximum liability is \$500 to be paid under terms and conditions prescribed by the Postal Service.~~
- ~~c. For mailings valued at \$15 or less, for negotiable items, or currency or bullion, the indemnity is \$15 to be paid under terms and conditions prescribed by the Postal Service.~~

~~482.2 Indemnity Not Available. Indemnity will not be paid by the Postal Service for loss, damage or rifling:~~

- ~~a. Of nonmailable matter;~~
- ~~b. Due to improper packaging;~~
- ~~c. Seizure by any agency of government; or,~~
- ~~d. Due to war, insurrection or civil disturbances.~~

~~483~~ **Insurance Claims And Procedures**

180 Refunds

181 Procedure

Claims for refunds of postage ~~or insurance~~ must be filed within the period of time and under terms and conditions prescribed by the Postal Service.

484 Refunds

182 Availability

~~484.1~~ **182.1 Same Day Airport.** The Postal Service will refund the postage for Same Day Airport Express Mail not available for claim by the time specified, unless the delay is caused by:

- a. Strikes or work stoppage;
- b. Delay or cancellation of flights; or
- c. Governmental action beyond the control of Postal Service or air carriers.

~~484.2~~ **182.2 Custom Designed.** Except where a service agreement provides for claim, or delivery, of Custom Designed Express Mail more than 24 hours after scheduled tender at point of origin, the Postal Service will refund postage for such mail not available for claim, or not delivered, within 24 hours of mailing, unless the item was delayed by strike or work stoppage.

~~484.3~~ **182.3 Next Day.** Unless the item was delayed by strike or work stoppage, the Postal Service will refund postage for Next Day Express Mail not available for claim or not delivered:

- a. By 10:00 a.m., or earlier time(s) prescribed by the Postal Service, of the next delivery day in the case of Post Office-to-Post Office service;
- b. By 3:00 p.m., or earlier time(s) prescribed by the Postal Service, of the next delivery day in the case of Post Office-to-Addressee service.

~~484.4~~ **182.4 Second Day.** Unless the item was delayed by strike or work stoppage, the Postal Service will refund postage for Second Day Express Mail not available for claim or not delivered:

- a. By 10:00 a.m., or earlier time(s) prescribed by the Postal Service, of the second delivery day in the case of Post Office-to-Post Office service;
- b. By 3:00 p.m., or earlier time(s) prescribed by the Postal Service, of the second delivery day in the case of Post Office-to-Addressee service.

Amend the First-Class Mail Classification Schedule by deleting the text that is stricken and inserting the text that is underlined:

**FIRST-CLASS MAIL
CLASSIFICATION SCHEDULE**

* * * * *

222 ~~Postal and~~ Stamped Cards and Post Cards Subclass

222.1 Definition

222.11 ~~Postal~~ **Stamped Card**. A ~~postal~~ Stamped Card is a card with postage imprinted or impressed on it and supplied by the Postal Service for the transmission of messages.

222.12 **Post Card**. A post card is a privately printed mailing card for the transmission of messages. To be eligible to be mailed as a First-Class post card, a card must be of uniform thickness and must not exceed any of the following dimensions:

- a. 6 inches in length;
- b. 4¼ inches in width;
- c. 0.016 inch in thickness.

222.13 **Double Cards**. Double ~~postal~~ Stamped Cards or post cards may be mailed as ~~postal~~ Stamped Cards or post cards. A double ~~postal~~ Stamped Card or post card consists of two attached cards, one of which may be detached by the receiver and returned by mail as a single ~~postal~~ Stamped Card or post card.

222.2 **Restriction**. A mailpiece with any of the following characteristics is not mailable as a ~~postal~~ Stamped Card or post card unless it is prepared as prescribed by the Postal Service:

- a. Numbers or letters unrelated to postal purposes appearing in the address portion of the card;
- b. Punched holes;
- c. Vertical tearing guide;
- d. An address portion which is smaller than the remainder of the card.

222.3 Regular Rate Categories

222.31 Single Piece Rate Category. The single piece rate category applies to regular rate ~~Postal~~ Stamped Cards and Post Cards subclass mail not mailed under section 222.32.

222.32 Presort Rate Category. The presort rate category applies to ~~Postal~~ Stamped Cards and Post Cards subclass mail that:

- a. Is prepared in a mailing of at least 500 pieces;
- b. Is presorted, marked, and presented as prescribed by the Postal Service; and
- c. Meets the addressing and other preparation requirements prescribed by the Postal Service.

222.4 Automation Rate Categories

222.41 General. The automation rate categories consist of ~~Postal~~ Stamped Cards and Post Cards subclass mail that:

- a. Is prepared in a mailing of at least 500 pieces;
- b. Is presorted, marked, and presented as specified by the Postal Service;
- c. Bears a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service; and
- d. Meets the machinability, addressing, barcoding, and other preparation requirements prescribed by the Postal Service.

* * * * *

260 ANCILLARY SERVICES

First-Class Mail, except as otherwise noted, will receive the following additional services upon payment of the fees prescribed in the corresponding schedule:

	Service	Schedule
a.	Address correction	SS-1
b.	Business reply mail	SS-2
c.	Certificates of mailing	SS-4
d.	Certified mail	SS-5
e.	COD	SS-6
f.	Insured mail	SS-9
g.	Registered mail	SS-14
h.	Special delivery	SS-17
i. <u>h.</u>	Return receipt (<u>limited to merchandise sent</u> <u>by Priority Mail only</u>)	SS-16
j. <u>i.</u>	Merchandise return	SS-20

270 RATES AND FEES

The rates and fees for First-Class Mail are set forth in the following ~~rate~~ schedules:

	Schedule
a.	Letters and Sealed Parcels 221
b.	Postal <u>Stamped Cards</u> and Post Cards 222
c.	Priority Mail 223
d.	Fees SS-19A and 1000

* * * * *

Amend the Standard Mail Classification Schedule by deleting the text that is stricken and inserting the text that is underlined:

**STANDARD MAIL
CLASSIFICATION SCHEDULE**

* * * * *

360 ANCILLARY SERVICES

* * * * *

**362 Single Piece, Parcel Post, Bound Printed Matter, Special, and Library
Subclasses**

Single Piece, Parcel Post, Bound Printed Matter, Special, and Library subclass mail will receive the following additional services upon payment of the appropriate fees.

Service		Schedule
a.	Certificates of mailing	SS-4
b.	COD	SS-6
c.	Insured mail	SS-9
d.	Special delivery	SS-17
e. <u>d.</u>	Special handling	SS-18
f. <u>e.</u>	Return receipt (merchandise only)	SS-16
g. <u>f.</u>	Merchandise return	SS-20

Insurance, ~~special delivery~~, special handling, and COD services may not be used selectively for individual pieces in a multi-piece Parcel Post subclass mailing unless specific methods approved by the Postal Service for ascertaining and verifying postage are followed.

* * * * *

Amend the Periodicals Classification Schedule by deleting the text that is stricken:

**PERIODICALS
CLASSIFICATION SCHEDULE**

* * * * *

~~460 ANCILLARY SERVICES~~

~~Periodicals class mail will receive the following additional service upon payment of the appropriate fee:~~

Service	Schedule
Special delivery	SS-17

* * * * *

Amend the General Definitions, Terms and Conditions section of the DMCS by deleting the text that is stricken and inserting the text that is underlined:

GENERAL DEFINITIONS, TERMS AND CONDITIONS

* * * * *

3000 POSTAGE AND PREPARATION

* * * * *

3080 Refund of Postage

When postage and special service fees have been paid on mail for which no service is rendered for the postage or fees paid, or collected in excess of the lawful rate, a refund may be made. There shall be no refund for registered, COD, ~~and insured general insurance, and Express Mail Insurance~~ fees when the article is later withdrawn by the mailer. In cases involving returned articles improperly accepted because of excess size or weight, a refund may be made.

* * * * *

Amend Classification Schedule SS-3, Caller Service, by deleting the text that is stricken and inserting the text that is underlined:

CLASSIFICATION SCHEDULE SS-3--CALLER SERVICE

3.01 **Definition**

3.010 Caller service is a service which permits a customer to obtain ~~his~~ mail addressed to a the customer's box number through a call window or loading dock.

3.02 **Description of Service**

* * * * *

3.022 Caller service is provided to customers on the basis of mail volume received, and number of post office boxes ~~rented~~ used at any one facility.

* * * * *

Amend Classification Schedule SS-4, Certificate of Mailing, by deleting the text that is stricken and inserting the text that is underlined:

CLASSIFICATION SCHEDULE SS-4--CERTIFICATE OF MAILING

* * * * *

4.03 **Other Services**

4.030 The following services, if applicable to the class of mail, may be obtained in conjunction with mail sent under this classification schedule upon payment of the applicable fees:

	Classification Schedule
a. Parcel airlift	SS-13
b. Special delivery	SS-17
c. <u>b.</u> Special handling	SS-18

* * * * *

Amend Classification Schedule SS-5, Certified Mail, by deleting the text that is stricken.

CLASSIFICATION SCHEDULE SS-5--CERTIFIED MAIL

* * * * *

5.04 **Other Services**

5.040 The following services may be obtained in conjunction with mail sent under this classification schedule upon payment of the applicable fees:

	Classification Schedule
a. Restricted delivery	SS-15
b. Return receipt	SS-16
c. Special delivery	SS-17

Amend Classification Schedule SS-6, Collect on Delivery Service, by deleting the text that is stricken and inserting the text that is underlined:

CLASSIFICATION SCHEDULE SS-6--COLLECT ON DELIVERY SERVICE

* * * * *

6.06 **Other Services**

6.060 The following services, if applicable to the class of mail, may be obtained in conjunction with mail sent under this classification schedule upon payment of the applicable fee:

Classification Schedule

a. Registered mail, if sent as First-Class	SS-14
b. Restricted delivery	SS-15
c. Special delivery	SS-17
d. <u>c.</u> Special handling	SS-18

* * * * *

Delete Classification Schedule SS-9, Insured Mail, in its entirety and replace it with the following:

CLASSIFICATION SCHEDULE SS-9--INSURED MAIL

Part a - Express Mail Insurance

9a.01 Definition

9a.010 Express Mail Insurance is a service that provides the mailer with indemnity for loss of, rifling of, or damage to items sent by Express Mail.

9a.02 Description of Service

9a.020 Express Mail Insurance is available only for Express Mail.

9a.021 Insurance coverage is provided, for no additional charge, up to \$500 per piece for document reconstruction, up to \$5,000 per occurrence regardless of the number of claimants. Insurance coverage is also provided, for no additional charge, up to \$500 per piece for merchandise. Insurance coverage for merchandise valued at more than \$500 is available for an additional fee, as set forth in Rate Schedule SS-9. The maximum liability for merchandise is \$5,000 per piece. For negotiable items, currency, or bullion, the maximum liability is \$15.

9a.022 Indemnity claims for Express Mail must be filed within a specified period of time from the date the article was mailed.

9a.023 Indemnity will be paid under terms and conditions prescribed by the Postal Service.

9a.024 Among other limitations prescribed by the Postal Service, indemnity will not be paid by the Postal Service for loss, damage or rifling:

- a. Of nonmailable matter;

- b. Due to improper packaging;
- c. Due to seizure by any agency of government; or,
- d. Due to war, insurrection or civil disturbances.

9a.03 Fees

- 9a.030 The fees for Express Mail Insurance service are set forth in Rate Schedule SS-9.

Part b - General Insurance

9b.01 Definition

- 9b.010 General Insurance is a service that provides the mailer with indemnity for loss of, rifling of, or damage to mailed items.

9b.02 Description of Service

- 9b.020 The maximum liability of the Postal Service under this part is \$5000.

- 9b.021 General Insurance is available for mail sent under the following classification schedules:

- a. First-Class Mail, if containing matter which may be mailed as Standard Mail
- b. Single Piece, Parcel Post, Bound Printed Matter, Special, and Library Standard Mail

- 9b.022 This service is not available for matter offered for sale, addressed to prospective purchasers who have not ordered or authorized their sending. If such matter is received in the mail, payment will not be made for loss, rifling, or damage.

- 9b.023 The mailer is issued a receipt for each item mailed. For items insured for more than \$50, a receipt of delivery is obtained by the Postal Service.

- 9b.024 For items insured for more than \$50, a notice of arrival is left at the mailing address when the first attempt at delivery is unsuccessful.

- 9b.025 A claim for complete loss may be filed by the mailer only. A claim for damage or for partial loss may be filed by either the mailer or addressee.
- 9b.026 A claim for damage or loss on a parcel sent merchandise return (SS-20) may only be filed by the purchaser of the insurance.
- 9b.027 Indemnity claims must be filed within a specified period of time from the date the article was mailed.
- 9b.028 Additional copies of the original mailing receipt may be obtained by the mailer, upon payment of the applicable fee set forth in Rate Schedule SS-9.
- 9b.03 **Deposit of Mail**
- 9b.030 Mail insured under this part must be deposited in a manner specified by the Postal Service.
- 9b.04 **Forwarding and Return**
- 9b.040 By insuring an item, the mailer guarantees forwarding and return postage unless instructions on the piece mailed indicate that it not be forwarded or returned.
- 9b.041 Mail undeliverable as addressed sent under this part will be returned to the sender as specified by the sender or by the Postal Service.
- 9b.05 **Other Services**
- 9b.050 The following services, if applicable to the class of mail, may be obtained in conjunction with mail sent under this part upon payment of the applicable fees:

**Classification
Schedule**

- | | |
|---|-------|
| a. Parcel Airlift | SS-13 |
| b. Restricted delivery (for items insured for more than \$50) | SS-15 |
| c. Return receipt (for items insured for more than \$50) | SS-16 |
| d. Special handling | SS-18 |
| e. Merchandise return (shippers only) | SS-20 |

9b.06 **Fees**

9b.060 The fees for General Insurance are set forth in Rate Schedule SS-9.

Amend Classification Schedule SS-10, Post Office Box Service, by deleting the text that is stricken and inserting the text that is underlined:

CLASSIFICATION SCHEDULE SS-10--POST OFFICE BOX SERVICE

10.01 **Definition**

- 10.010 Post office box service is a service which provides the customer with a private, locked receptacle for the receipt of ~~his~~ mail during the hours when the lobby of a postal facility is open.

10.02 **Description of Service**

* * * * *

- 10.021 A post office box holder may ~~request~~ ask the Postal Service to deliver to the post office box all mail properly addressed to the holder. ~~him through the post office box~~. If the post office box is located at the post office indicated on the piece, it will be transferred without additional charge, in accordance with existing regulations.

* * * * *

10.03 **Fees**

* * * * *

- 10.031 In postal facilities primarily serving academic institutions or the students of such institutions, ~~periods of rental and fees for post office boxes are~~ administered as follows:

Period for of box rentals-use	Fee
95 days or less	½ semi-annual fee
96 to 140 days	¾ semi-annual fee
141 to 190 days	Full semi-annual fee
191 to 230 days	1¼ semi-annual fee
231 to 270 days	1½ semi-annual fee
271 days to full year	Full annual fee

- 10.032 No refunds will be made for ~~boxes-rented~~ post office box fees paid under section 10.031. For purposes of this classification schedule SS-10, the full annual fee is twice the amount of the semi-annual fee.

Amend Classification Schedule SS-11, Mailing List Services, by deleting the text that is stricken and inserting the text that is underlined:

CLASSIFICATION SCHEDULE SS-11--MAILING LIST SERVICES

11.01 **Definition**

* * * * *

11.02 **Description of Service**

* * * * *

11.0221 Gummed labels, wrappers, envelopes or ~~postal~~ Stamped Cards or post cards
indicative of one-time use will not be accepted as mailing lists.

* * * * *

Amend Classification Schedule SS-13, Parcel Airlift, by deleting the text that is stricken and inserting the text that is underlined:

CLASSIFICATION SCHEDULE SS-13--PARCEL AIRLIFT (PAL)

* * * * *

13.07 **Other Services**

13.070 The following services, if applicable to the class of mail, may be obtained in conjunction with mail sent under this classification schedule upon payment of the applicable fees:

	Classification Schedule
a. Certificate of mailing	SS-4
b. Insured mail	SS-9
c. Restricted delivery (if insured for more than \$25 <u>\$50</u>)	SS-15
d. Return receipt (if insured for more than \$25 <u>\$50</u>)	SS-16
e. Special delivery (if mailed for delivery within the 48 contiguous states)	SS-17
f. e. Special handling	SS-18

* * * * *

Amend Classification Schedule SS-14, Registered Mail, by deleting the text that is stricken and inserting the text that is underlined:

CLASSIFICATION SCHEDULE SS-14--REGISTERED MAIL

14.01 **Definition**

14.010 Registered mail is a service which provides added protection to mail sent under this Domestic Mail Classification Schedule and ~~optional~~ indemnity in case of loss or damage.

14.02 **Description of Service**

* * * * *

14.021 Registered mail service provides ~~optional~~ insurance up to a maximum of \$25,000—, depending upon the actual value at the time of mailing, except that insurance is optional for articles valued \$100 or less.

* * * * *

14.026 Indemnity claims for registered mail on which insurance is provided, or for articles valued \$100 or less on which optional insurance has been elected, must be filed within a specified period of time from the date the article was mailed.

* * * * *

14.06 **Other Services**

14.060 The following services may be obtained in conjunction with mail sent under this classification schedule upon payment of applicable fees:

	Classification schedule
a. Collect on delivery	SS-6
b. Restricted delivery	SS-15
c. Return receipt	SS-16
d. Special delivery	SS-17
e. <u>d.</u> Merchandise return (shippers only)	SS-20

14.07 **Fees**

14.070 The fees for registered mail and related optional indemnity purchase are set forth in Rate Schedule SS-14.

* * * * *

Amend Classification Schedule SS-16, Return Receipts, by deleting the text that is stricken and inserting the text that is underlined:

CLASSIFICATION SCHEDULE SS-16--RETURN RECEIPTS

* * * * *

16.02 **Description of Service**

16.020 Return receipt service is available for mail sent under the following classification schedules:

	Classification Schedule
a. Certified mail	SS-5
b. COD mail	SS-6
c. Insured mail (if insured for more than \$50)	SS-9
d. Registered mail	SS-14
e. Express Mail	
f. First Class Priority Mail (merchandise only)	
g. <u>Standard Mail (limited to merchandise only sent by Single Piece, Parcel Post, Bound Printed Matter, Special, and Library Subclasses.)</u>	

16.021 Return receipt service is available at the time of mailing or, when purchased in conjunction with certified, COD, insured (if for more than \$50), registered, or Express Mail, after mailing.

16.0211 Mailers requesting return receipt service at the time of mailing will be provided, as ~~appropriate:~~ appropriate.

~~a. The the signature of the addressee or his addressee's agent, and the date delivered, or~~
~~b. The signature of the addressee or his agent, the date delivered and the address of delivery, if different from the address on the mailpiece.~~

* * * * *

*Amend Schedule SS-17, Special Delivery, by deleting the text in its entirety:

*This effectively eliminates Special Delivery from the Service's offerings.

~~CLASSIFICATION SCHEDULE SS-17 SPECIAL DELIVERY~~

~~17.01 Definition~~

~~17.01 Special delivery service is a service that provides for preferential handling in dispatch and transportation, and delivery of mail as soon as practicable after arrival at the addressee's post office.~~

~~17.02 Description of Service~~

~~17.020 Special delivery service is available for mail sent under the following classification schedules:~~

- ~~a. First Class Mail~~
- ~~b. Periodicals~~
- ~~c. Single Piece, Parcel Post,
Bound Printed Matter, Special,
and Library Standard Mail~~

~~17.021 Special delivery is made only to addresses where it is known that such delivery can be made.~~

~~17.022 Special delivery mail is delivered during prescribed hours in addition to regular carrier delivery hours.~~

~~17.023 If delivery cannot be made a notice of arrival is left at the address.~~

~~17.03 Requirements of the Mailer~~

~~17.030 Mail sent under this classification schedule must be identified as prescribed by regulation.~~

~~17.04 Deposit of Mail~~

~~17.040 Special delivery mail must be deposited in a manner prescribed by the Postal Service.~~

~~17.05 Forwarding and Return~~

~~17.050 Special delivery mail which is forwarded or returned does not receive special delivery service unless the special delivery fee has been guaranteed, or if a forwarding order had been given by the addressee at the office of original address in advance of the arrival of the mail.~~

~~17.06 Other Services~~

~~17.060 The following services, if applicable to the class of mail, may be obtained in conjunction with mail sent under this classification schedule upon payment of the applicable fees:~~

	Classification
	—Schedule
a. Certificate of mailing	SS-4
b. Certified mail	SS-5
c. COD mail	SS-6
d. Insured mail	SS-9
e. Parcel airlift	SS-13
f. Registered mail	SS-14

~~17.07 Fees~~

~~17.070 The fees for special delivery service are set forth in Rate Schedule SS-17.~~

Amend Classification Schedule SS-18, Special Handling, by deleting the text that is stricken and inserting the text that is underlined:

CLASSIFICATION SCHEDULE SS-18--SPECIAL HANDLING

* * * * *

18.02 **Description of Service**

* * * * *

18.021 Special handling ~~(or special delivery)~~ service is mandatory for matter which requires special attention in handling, transportation and delivery.

* * * * *

Amend the Domestic Mail Classification Schedule by inserting the following:

CLASSIFICATION SCHEDULE SS-19A — STAMPED CARDS

19A.01 **Definition**

19A.010 **Stamped Cards.** Stamped Cards are cards with postage imprinted or impressed on them and supplied by the Postal Service for the transmission of messages.

19A.011 **Double Stamped Cards.** Double Stamped Cards consist of two attached cards, one of which may be detached by the receiver and returned by mail as a single Stamped Card.

19A.020 **Description of Service.** Stamped Cards are available for First-Class Mail.

19A.030 **Fees.** The fees for Stamped Cards are set forth in Rate Schedule SS-19A.

ATTACHMENT B TO THE
DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE
ON THE RECOMMENDED DECISION OF THE POSTAL RATE COMMISSION ON
SPECIAL SERVICES FEES AND CLASSIFICATIONS, DOCKET NO. MC96-3
(MAY 5, 1997)
CHANGES TO DOMESTIC RATES AND FEES

The following material represents changes in the domestic rate and fee schedules approved by the Governors of the United States Postal Service in response to the Commission's Recommended Decision in Docket No. MC96-3. Changes are generally identified by underlining additions and striking deletions, or substituting new text for old.

Amend Rate Schedule 222 by deleting the text that is stricken and inserting the text that is underlined.

FIRST-CLASS MAIL
RATE SCHEDULE 222
~~Postal~~ STAMPED CARDS and POST CARDS

* * * * *

Delete Schedule SS-5, Certified Mail, in its entirety and replace it with the following:

Schedule SS-5 — Certified Mail

<i>Description</i>	<i>Fee</i> <i>(in addition to postage)</i>
Service (per mailpiece)	\$1.35

Delete Schedule SS-9, Insured Mail, in its entirety and replace it with the following:

Schedule SS-9 — Insured Mail

Part a — Express Mail Insurance

Document Reconstruction

<i>Coverage</i>	<i>Fee (in addition to postage)</i>
\$0.01 to \$500	no charge

Merchandise

<i>Declared Value</i>	<i>Fee (in addition to postage)</i>
\$ 0.01 to \$ 500	no charge
500.01 to 5000	\$0.90 for each \$100 (or fraction thereof) over \$500 in value

Part b —General Insurance

<i>Declared Value</i>	<i>Fee (in addition to postage)</i>
\$ 0.01 to \$ 50	\$0.75
50.01 to \$ 100	1.60
100.01 to \$5000	1.60 plus \$0.90 for each \$100 (or fraction thereof) over \$100 in declared value

Delete Schedule SS-10, Post Office Boxes and Caller Service, in its entirety and replace it with the following:

Schedule SS-10 — Post Office Boxes and Caller Service

I. Semi-annual Box Fees¹

<i>Box Size²</i>	<i>Fee Group</i>			
	A	B	C	D and E³
1	\$ 24	22	\$ 20	\$ 6.00
2	37	33	29	10.00
3	64	56	52	18.00
4	121	109	86	26.50
5	209	186	144	41.50

¹ A customer ineligible for carrier delivery may obtain a post office box at no charge, subject to administrative decisions regarding customer's proximity to post office.

² Box Size 1 = under 296 cubic inches; 2 = 296-499 cubic inches; 3 = 500-999 cubic inches; 4 = 1000-1999 cubic inches; 5 = 2000 cubic inches and over.

³ Group E post office box customers subject to these fees are those eligible for carrier delivery.

II. Semi-annual Caller Service Fees

<i>Fee Group</i>	<i>Fee</i>
A.....	\$250
B.....	\$240
C.....	\$225
D.....	\$225

III. Annual Call Number Reservation Fee

(all applicable Fee Groups)..... \$ 30

Delete Schedule SS-14, Registered Mail, in its entirety and replace it with the following:

Schedule SS-14 — Registered Mail

Declared Value of Article¹		Fees² (in addition to postage)	Handling Charge
\$0.00 to	\$100	\$4.85 (without insurance).....	None ↓
0.00 to	100	4.95 (with insurance).....	
100.01 to	500	5.40	
500.01 to	1,000	5.85	
1,000.01 to	2,000	6.30	
2,000.01 to	3,000	6.75	
3,000.01 to	4,000	7.20	
4,000.01 to	5,000	7.65	
5,000.01 to	6,000	8.10	
6,000.01 to	7,000	8.55	
7,000.01 to	8,000	9.00	
8,000.01 to	9,000	9.45	
9,000.01 to	10,000	9.90	
10,000.01 to	11,000	10.35	
11,000.01 to	12,000	10.80	
12,000.01 to	13,000	11.25	
13,000.01 to	14,000	11.70	
14,000.01 to	15,000	12.15	
15,000.01 to	16,000	12.60	
16,000.01 to	17,000	13.05	
17,000.01 to	18,000	13.50	
18,000.01 to	19,000	13.95	
19,000.01 to	20,000	14.40	
20,000.01 to	21,000	14.85	
21,000.01 to	22,000	15.30	
22,000.01 to	23,000	15.75	
23,000.01 to	24,000	16.20	
24,000.01 to	25,000	16.65	

Schedule SS- 14 — Registered Mail
(continued)

25,000.01 to \$1 million	16.65	plus	45 cents for each \$1,000 (or fraction thereof) over \$25,000
Over \$1 million to \$15 million	455.40	plus	45 cents for each \$1,000 (or fraction thereof) over \$1 million
Over \$15 million	6,755.40	plus	Amount determined by the Postal Service based on weight, space and value

¹ Articles with a declared value of more than \$25,000 can be registered, but compensation for loss or damage is limited to \$25,000.

² Fees for articles with declared values of more than \$100 include insurance.

Delete Schedule SS-16, Return Receipts, in its entirety and replace it with the following:

Schedule SS-16 — Return Receipts

<i>Description</i>	<i>Fee</i> <i>(in addition to postage)</i>
Receipt Issued at Time of Mailing¹	
Items other than Merchandise	\$1.10
Merchandise (without another special service)	\$1.20
Receipt Issued after Mailing²	\$6.60

¹ This receipt shows the signature of the person to whom the mailpiece was delivered, the date of delivery and the delivery address, if such address is different from the address on the mailpiece.

² This receipt shows to whom the mailpiece was delivered and the date of delivery.

Delete Schedule SS-17, Special Delivery, in its entirety:

SCHEDULE SS-17
Special Delivery

	Fee (in addition to postage)
First Class and Priority Mail	
Not more than 2 pounds	8.05
Over 2 pounds but not over 10 pounds	10.35
Over 10 pounds	11.15
All Other Classes	
Not more than 2 pounds	10.45
Over 2 pounds but not over 10 pounds	11.25
Over 10 pounds	12.10

Amend Schedule SS-19, Stamped Envelopes, by inserting the underlined text:

Schedule SS-19 — Stamped Envelopes

<u>Description</u>	<u>Fee</u> <u>(in addition to postage)</u>
Single Sale	\$0.06

Amend the Domestic Mail Classification Schedule by inserting the following:

Schedule SS-19A — Stamped Cards

<i>Description</i>	<i>Fee</i> <i>(in addition to postage)</i>
Stamped Card	\$0.00
Double Stamped Card	0.00

RESOLUTION OF THE BOARD OF GOVERNORS
OF THE
UNITED STATES POSTAL SERVICE

Resolution No. 97-7

Effective Date for Changes to Special Services Fees and Classifications

RESOLVED:

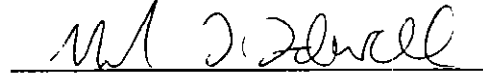
Pursuant to section 3625(f) of Title 39, United States Code, the Board of Governors determines that the changes to the Domestic Mail Classification Schedule and its attendant fee schedules for selected special services that were ordered to be placed into effect by the Decision of the Governors, adopted on May 5, 1997, in response to the recommended decision of the Postal Rate Commission in Docket No. MC96-3, shall become effective at 12:01 a.m. on June 8, 1997.

The foregoing Resolution was adopted by the Board of Governors on May 5, 1997.


Secretary

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of this document on all parties of record in this proceeding in accordance with Rule 12 of the Commission's Rules of Practice and Procedure.

A handwritten signature in dark ink, appearing to read "M. T. Tidwell", is written over a horizontal line.

Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
May 6, 1997
(Tel: (202) 268-2998 / FAX: -5402)