

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

REPOSITIONABLE NOTES MINOR CLASSIFICATION CHANGE

Docket No. MC2006-2

NOTICE OF THE UNITED STATES POSTAL SERVICE
OF DECISION OF THE GOVERNORS

The United States Postal Service hereby provides notice of the attached
Decision of the Governors:

Decision of the Governors of the United States Postal Service
on the Recommended Decision of the Postal Rate Commission
on Repositionable Notes Minor Classification Change,
Docket No. MC2006-2.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

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March 29, 2006

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE
ON THE RECOMMENDED DECISION OF THE POSTAL RATE COMMISSION
ON REPOSITIONABLE NOTES MINOR CLASSIFICATION CHANGE,
DOCKET No. MC2006-2**

March 22, 2006

STATEMENT OF EXPLANATION AND JUSTIFICATION

On March 20, 2006, the Postal Rate Commission issued its Opinion and Recommended Decision on Repositionable Notes Minor Classification Change in Docket No. MC2006-2. Pursuant to a Request filed by the Postal Service on January 12, 2005, the Commission recommended that the expiration date of the Repositionable Notes (RPN) provisional service be changed from April 3, 2006 to no later than April 3, 2007.

For the reasons explained below, we have concluded that the Commission's recommendation will help maintain a fair and equitable mail classification system, and is otherwise in accordance with the policies of the Postal Reorganization Act. Therefore, we approve the changes recommended by the Commission.

The Postal Service has been offering provisional RPN service as a one-year test since April 3, 2005. This service allows bulk mailers of letter and flats to mechanically attach removable self-adhesive notes to the outside of their mailpieces for a small additional charge. In originally recommending the service, the Commission had found, and we agreed, that the provisional service was supported on the record of that proceeding and satisfied the criteria of the Postal Reorganization Act. As we noted in our decision of January 11, 2005, the Commission deferred issues regarding "value pricing" that had been raised by some parties in the case,¹ and indicated that it would engage an economist to produce a "white paper" to address those economic issues for consideration in the future.²

¹ Such issues were highlighted because there is no additional cost to the Postal Service in processing pieces with RPNs.

² PRC Op, MC2004-5, at 3, 19 (December 10, 2004).

By late 2005, the Postal Service, anticipating the approaching expiration of the one-year provisional service for RPN, was preparing a request for further testing of RPN service beginning at the end of the current test on April 3, 2006. Postal management had been planning to seek the Board's approval at its meeting on January 10 of such a request. On January 9, the Commission issued the long-anticipated paper. In light of this timing, it was decided to request that the Commission extend the expiration date of the current provisional service to allow the Postal Service sufficient time to consider the white paper and its potential effect on proposals for further testing of RPN service. The request was filed as an "expedited minor classification case" under the Commission's rules.

No participants objected to the change in expiration date or requested hearings. The Commission has recommended changes in the Domestic Mail Classification Schedule needed to maintain the current service, pending further proceedings on RPNs, but no later than April 3, 2007, if no such proceedings are pending. In order to prevent an interruption in service for those mailers using or planning to use RPNs, the Commission issued its recommended decision even faster than its rules require, so that we could consider it in advance of April 3. We are grateful for that, as, no doubt, are the affected mailers. The recommended DMCS changes, which we approve today, are attached.

ESTIMATE OF ANTICIPATED REVENUE

The Postal Reorganization Act requires that our Decision include an estimate of anticipated impact on postal revenues (39 U.S.C. § 3625(e)). According to the evidentiary record, a second year of provisional RPN service at current rates will produce just over \$1.5 million in revenue.

ORDER

In accordance with the foregoing Decision of the Governors, the classification schedule changes set forth in the Attachment are hereby approved and ordered into effect. In accordance with Resolution 06-4 of the Board of Governors, dated March 22, 2006, the changes will take effect at 12:01 a.m. on April 2, 2006.

By The Governors:


James C. Miller III, Chairman

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

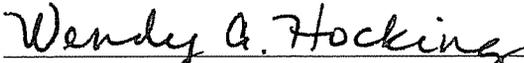
Resolution No. 06-4

Effective Date of New Classification

RESOLVED:

Pursuant to Section 3625(f) of Title 39, United States Code, the Board of Governors determines that the changes in classification that were ordered to be placed into effect by the Decision of the Governors of the United States Postal Service on the Opinion and Recommended Decision of the Postal Rate Commission on Repositionable Notes Minor Classification Change in Docket No. MC2006-2, adopted on March 22, 2006, shall become effective at 12:01 a.m. on April 2, 2006.

The foregoing Resolution was adopted by the Board of Governors on March 22, 2006.



Wendy A. Hocking, Secretary

DOMESTIC MAIL CLASSIFICATION SCHEDULES

**FIRST-CLASS MAIL
CLASSIFICATION SCHEDULE**

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221 Letters and Sealed Parcels Subclass

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221.22 Presort Rate Category.

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221.221 Repositionable Notes. Repositionable Notes may be attached to the exterior of letter-size and flat-size Presort rate category mail, as specified by the Postal Service. The additional charge for the Repositionable Note is specified in note 3 to Rate Schedule 221. ~~This provision expires on April 3, 2006.~~

This provision for Repositionable Notes expires as provided below.

(1) If a request to continue to test or make Repositionable Notes permanent is filed, this provision expires on the implementation date for the replacement service, or if no replacement is implemented, three months after the Commission takes action under section 3624 of title 39, on such request.

(2) If the Postal Service determines not to file such request, this provision expires on such date as specified by the Postal Service, but no later than April 3, 2007.

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221.3 Automation Rate Categories – Letters and Flats

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221.32 Letter Categories

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221.326 Repositionable Notes. Repositionable Notes may be attached to the exterior of Automation letter rate category mail, as specified by the Postal Service. The additional charge for the Repositionable Note is specified in note 3 to Rate Schedule 221. ~~This provision expires on April 3, 2006.~~

This provision for Repositionable Notes expires as provided below.

(1) If a request to continue to test or make Repositionable Notes permanent is filed, this provision expires on the implementation date for the replacement service, or if no replacement is implemented, three months after the Commission takes action under section 3624 of title 39, on such request.

(2) If the Postal Service determines not to file such request, this provision expires on such date as specified by the Postal Service, but no later than April 3, 2007.

221.33 Flats Categories.

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221.336 **Repositionable Notes.** Repositionable Notes may be attached to the exterior of Automation flats rate category mail, as specified by the Postal Service. The additional charge for the Repositionable Note is specified in note 3 to Rate Schedule 221. ~~This provision expires on April 3, 2006.~~

This provision for Repositionable Notes expires as provided below.

(1) If a request to continue to test or make Repositionable Notes permanent is filed, this provision expires on the implementation date for the replacement service, or if no replacement is implemented, three months after the Commission takes action under section 3624 of title 39, on such request.

(2) If the Postal Service determines not to file such request, this provision expires on such date as specified by the Postal Service, but no later than April 3, 2007.

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**STANDARD MAIL
CLASSIFICATION SCHEDULE**

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321 Regular Subclass

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321.8 **Repositionable Notes.** Repositionable Notes may be attached to the exterior of letter-size or flat-size Regular subclass mail, as specified by the Postal Service. The additional charge for the Repositionable Note is specified in note 6 to Rate Schedule 321A or note 4 to Rate Schedule 321B. ~~This provision expires on April 3, 2006.~~

This provision for Repositionable Notes expires as provided below.

(1) If a request to continue to test or make Repositionable Notes permanent is filed, this provision expires on the implementation date for the replacement service, or if no replacement is implemented, three months after the Commission takes action under section 3624 of title 39, on such request.

(2) If the Postal Service determines not to file such request, this provision expires on such date as specified by the Postal Service, but no later than April 3, 2007.

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322 Enhanced Carrier Route Subclass

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322.8 Repositionable Notes. Repositionable Notes may be attached to the exterior of letter-size or flat-size Enhanced Carrier Route subclass mail, as specified by the Postal Service. The additional charge for the Repositionable Note is specified in note 6 to Rate Schedule 322. ~~This provision expires on April 3, 2006.~~

This provision for Repositionable Notes expires as provided below.

(1) If a request to continue to test or make Repositionable Notes permanent is filed, this provision expires on the implementation date for the replacement service, or if no replacement is implemented, three months after the Commission takes action under section 3624 of title 39, on such request.

(2) If the Postal Service determines not to file such request, this provision expires on such date as specified by the Postal Service, but no later than April 3, 2007.

323 Nonprofit Subclass

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323.8 Repositionable Notes. Repositionable Notes may be attached to the exterior of letter-size or flat-size Nonprofit subclass mail, as specified by the Postal Service. The additional charge for the Repositionable Note is specified in note 6 to Rate Schedule 323A or note 4 to Rate Schedule 323B. ~~This provision expires on April 3, 2006.~~

This provision for Repositionable Notes expires as provided below.

(1) If a request to continue to test or make Repositionable Notes permanent is filed, this provision expires on the implementation date for the replacement service, or if no replacement is implemented, three months after the Commission takes action under section 3624 of title 39, on such request.

(2) If the Postal Service determines not to file such request, this provision expires on such date as specified by the Postal Service, but no later than April 3, 2007.

324 Nonprofit Enhanced Carrier Route Subclass

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324.8 Repositionable Notes. Repositionable Notes may be attached to the exterior of letter-size or flat-size Nonprofit Enhanced Carrier Route subclass mail, as specified by the Postal Service. The additional charge for the Repositionable Note is specified in note 6 to Rate Schedule 324. ~~This provision expires on April 3, 2006.~~

This provision for Repositionable Notes expires as provided below.

(1) If a request to continue to test or make Repositionable Notes permanent is filed, this provision expires on the implementation date for the replacement service, or if no replacement is implemented, three months after the Commission takes action under section 3624 of title 39, on such request.

(2) If the Postal Service determines not to file such request, this provision expires on such date as specified by the Postal Service, but no later than April 3, 2007.

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**PERIODICALS
CLASSIFICATION SCHEDULE**

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424 Repositionable Notes. Repositionable Notes may be attached to the exterior of letter-size and flat-size Periodicals mail, as specified by the Postal Service. The additional charge for the Repositionable Note is specified in note 8 to Rate Schedule 421 or note 3 to Rate Schedule 423. ~~This provision expires on April 3, 2006.~~

This provision for Repositionable Notes expires as provided below.

(1) If a request to continue to test or make Repositionable Notes permanent is filed, this provision expires on the implementation date for the replacement service, or if no replacement is implemented, three months after the Commission takes action under section 3624 of title 39, on such request.

(2) If the Postal Service determines not to file such request, this provision expires on such date as specified by the Postal Service, but no later than April 3, 2007.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
March 29, 2006