

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

Before Commissioners:

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

Modification of the Mail Classification Schedule
Transfer to Competitive Product Category
Premium Forwarding Service (PFS)

Docket No. MC2008-4

NOTICE AND ORDER CONCERNING POSTAL SERVICE'S
REQUEST TO TRANSFER PREMIUM FORWARDING SERVICE TO THE
COMPETITIVE PRODUCTS CATEGORY

(Issued June 3, 2008)

On May 30, 2008, the Postal Service filed a request to modify the Mail Classification Schedule transferring Premium Forwarding Service (PFS), which is currently classified as a market dominant product and part of the Special Services class, to the competitive products list.¹ The Request is made pursuant to 39 U.S.C. § 3642 and 39 C.F.R. § 3020.30 *et. seq.* and includes two attachments.²

¹ Request of United States Postal Service, May 30, 2008 (Request).

² Attachment A illustrates the proposed changes to the Mail Classification Schedule. Attachment B is a Statement of Supporting Justification by Maura Robinson, Manager, Pricing Systems and Analysis for the Postal Service.

Rule 3020.30 allows the Postal Service to request the transfer of a product from the market dominant products list to the competitive products list. The Postal Service must provide detailed support and justification for such a request. 39 C.F.R. §§ 3020.31 and 3020.32. The Commission reviews the Request and the comments of interested parties under § 3020.34.

PFS provides residential postal customers with a forwarding service for their mail when they are away from their primary residences. Most mail from a customer's permanent address is forwarded once a week via Priority Mail to the customer's temporary address.³ The customer is charged a \$10 enrollment fee and a weekly fee of \$11.95.⁴ PFS is used by postal customers with multiple residences, or those on extended travel for business, or personal reasons, and recreational vehicle owners.

The Postal Service supports its Request with a Statement of Supporting Justification from Maura Robinson, Pricing Systems and Analysis Manager, at the Postal Service. The Postal Service explains that no Governors' Decision was required in this case since no change in classification or price is proposed, but merely a transfer of a product from one product list to another. Request at 1. The Postal Service also asserts that PFS will "meet the statutory cost coverage requirements" applicable to competitive products under 39 U.S.C. § 3633. Attachment B at 1-2. The Postal Service further asserts that because private alternative options to PFS are available in the form of commercial mail forwarding services or informal agreements with friends that PFS properly belongs in the competitive product category. *Id.* at 3-4. The Postal Service

³ Mail that will be rerouted separately includes mail requiring a scan, signature, or additional postage at delivery. Express Mail articles are rerouted immediately. Priority Mail articles are rerouted separately unless shipping them in the PFS package would not delay their delivery. First-Class Mail packages that do not fit in the weekly PFS shipment will be rerouted separately. Standard Mail pieces will only be included in the PFS package if they can be accommodated in the PFS package after letters, flats or large envelopes, and magazines have been included. Otherwise, Standard Mail pieces will be shipped postage due. Parcel Post, Bound Printed Matter, Media Mail, and Library Mail pieces will not be included in the PFS package, but will be shipped postage due.

⁴ PFS is available for a minimum of two weeks and maximum of 52 weeks. Payment for the entire period of service is due with the application.

also contends with regard to PFS that it does not have the “ability to set prices substantially above costs, raise prices significantly, decrease quality, or decrease output, without losing a significant level of business.” *Id.* at 3. The Postal Service asserts the position that the “[t]ransfer of PFS to the competitive product list will ensure that its revenues are appropriately classified, since ... PFS is provided within a competitive market.” *Id.* at 5.

Pursuant to § 3020.33, the Commission provides interested persons an opportunity to express views and offer comments on whether the planned transfer is consistent with the policies of 39 U.S.C. §§ 3633 and 3642. Comments are due no later than June 16, 2008.

Pursuant to 39 U.S.C. § 505, Kenneth E. Richardson is appointed to serve as officer of the Commission (Public Representative) to represent the interests of the general public in the above-captioned docket.

It is Ordered:

1. Docket No. MC2008-4 is established to consider the Postal Service Request referred to in the body of this Order.
2. Comments are due no later than June 16, 2008.
3. The Commission appoints Kenneth E. Richardson as Public Representative to represent the interests of the general public in this proceeding.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Steven W. Williams
Secretary