

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

Before Commissioners:

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

Modification of Mail Classification Schedule
Product Lists

Docket No. MC2009-19

NOTICE AND ORDER CONCERNING REQUEST
TO ADD SEVEN POSTAL SERVICES TO THE MAIL
CLASSIFICATION SCHEDULE PRODUCT LISTS

(Issued March 30, 2009)

On March 10, 2009, the Postal Service filed a request to add several products to the Mail Classification Schedule (MCS) product lists.¹ The Request is in response to the Commission's ruling in Order No. 154 that six products were properly classified as

¹ Request of the United States Postal Service to Add Postal Products to the Mail Classification Schedule in Response to Order No. 154), March 10, 2009 (Request).

postal services, but could not be authorized for inclusion in the MCS product lists until formal requirements of the Commission's regulations are met.²

The Request is filed pursuant to 39 U.S.C. 3642 and 39 CFR 3020.30 *et. seq.* and includes proposed MCS language,³ statements of supporting justification, and attachments containing cost and revenue data.⁴ Rule 3020.30 allows the Postal Service to request the modification of the product lists to add new postal services to either the Market Dominant Product List or the Competitive Product List. The Postal Service must provide detailed support and justification for the request. 39 CFR 3020.31 and 3020.32. The Commission will review the Request and the comments of interested parties and may approve the request, institute further proceedings, permit the Postal Service to modify the request, or take other appropriate action under rule 3020.34.

² Docket No. MC2008-1, Review of Nonpostal Services, December 19, 2008, at 27-38 (Order No. 154). The six services discussed in Order No. 154 were Address Management Services; Customized Postage; Stamp Fulfillment Services; Greeting Cards, Stationery, and Related Items; Shipping and Mailing Supplies; and International Money Transfer Service (IMTS). One of the services, Stamp Fulfillment Services, has been modified and, in the view of the Postal Service, is no longer a postal service. Request at 10. Accordingly, the Request does not include Stamp Fulfillment Services among the services to be added to the MCS. Commenters may wish to address this change. Of the remaining five services discussed in Order No. 154, the market dominant address management services product has retained the name "Address Management Services" and has been included on the Market Dominant Product List. The competitive address management services product has been named "Address Enhancement Service" and has been included on the Competitive Product List. Finally, IMTS has been separated into an inbound product (IMTS-Inbound) and an outbound product (IMTS-Outbound). As a result, the Postal Service has proposed the addition to the MCS of seven products in place of the six discussed by Order No. 154.

³ Attachment A to the Request illustrates the proposed changes to the Mail Classification Schedule.

⁴ Attachment B is the Statement of Supporting Justification for Address Management Services; Attachment C is the Statement of Supporting Justification for Address Enhancement Service; Attachment D is the Statement of Supporting Justification for Customized Postage; Attachment E is the Statement of Supporting Justification for Greeting Cards, Stationery, and Related Items; Attachment F is the Statement of Supporting Justification for Shipping and Mailing Supplies; Attachment G is the Statement of Supporting Justification for Inbound and Outbound International Money Transfer Services; and Attachment H is the Statement of Supporting Justification for Inbound and Outbound International Money Transfer Service. Cost and revenue data are included for Shipping and Mailing Supplies in Attachment F and for Address Enhancement Service in Attachment C. These attachments, as well as sensitive commercial information contained in the supporting statements, have been filed under seal subject to claims of confidentiality.

The products requested to be added to the Market Dominant Product List are Address Management Services and Customized Postage. The Postal Service proposes to add these products as Special Services. Request at 2. The products requested to be added to the Competitive Product List are Address Enhancement Service; Greeting Cards, Stationery, and Related Items; Shipping and Mailing Supplies; International Money Transfer Service-Outbound (IMTS-Outbound); and International Money Transfer Service-Inbound (IMTS-Inbound). *Id.*

The Postal Service explains that no Governors' decision was required in this case since this request is simply for the placement on the MCS product lists of already-existing products, at already-existing prices. *Id.*

In accordance with rule 3020.31(d), the Postal Service states that none of these products constitutes a special classification within the meaning of 39 U.S.C. 3622(c)(10) for market dominant products, or constitutes a nonpostal product. None of these products constitutes a product not of general applicability within the meaning of 39 U.S.C. 3632(b)(3), with the exception of IMTS-Inbound. The terms governing IMTS-Inbound are documented in 10 agreements with foreign postal administrations. *Id.*

The Postal Service states that the 10 negotiated agreements under consideration as the IMTS-Inbound product are functionally equivalent and may be considered price categories within that product. The Postal Service therefore requests the Commission to treat them as functionally equivalent and to classify them collectively as IMTS-Inbound agreements within the MCS. *Id.* at 9-10.⁵

⁵ The Postal Service has filed by separate notice in this docket material identified as USPS-MC2009-19/1, Public Supporting Materials Relating to International Products. With redactions, the material includes public portions of eight bilateral agreements for International Money Order service. Five of the bilateral agreements that make up the IMTS-Inbound product also have been filed under seal as they include information of a commercial nature relating to commissions and fees. See USPS-MC2009-19/NP1, Nonpublic Supporting Materials Relating to Competitive and International Products. *Id.* at 4.

The proposed MCS language in Attachment A of the Request is identical to the MCS language that has previously been filed by the Postal Service with respect to these services,⁶ with the four following exceptions. Language for International Money Transfer Service has been revised. The price range for Greeting Cards, Stationery, and Related Items has been revised to take into account an existing stationery set whose price falls outside of the price range as originally proposed. The Customized Postage product has been changed to read “customer-selected images” to recognize that customers can order customized postage using library images provided by the vendor or a third party. As the last exception, the name of the competitive address management services has been changed to “Address Enhancement Service” to distinguish it from its market dominant counterpart. *Id.* at 3.

The MCS language in Attachment A modifies the language previously filed with the Commission in Docket No. CP2009-8 and creates separate IMTS services to distinguish the inbound exchanges from the outbound exchanges. *Id.* at 7. New language is added to reflect the expectation of the UPU that member countries will, as of January 1, 2010, designate operators, which may or may not be posts, to fulfill on their behalf the obligations of the UPU's Postal Payment Services Agreement. New language is also proposed for the IMTS-Inbound product and price category. *Id.*

Pursuant to rule 3020.33, the Commission provides interested persons an opportunity to express views and offer comments on whether the planned modifications are consistent with the policies of 39 U.S.C. 3633 and 3642 and to indicate whether a hearing is desired. Comments are due no later than April 30, 2009.

⁶ See Docket No. CP2009-8, Notice of the United States Postal Service of Changes in Rates of General Applicability for Competitive Products Established in Governors' Decision No. 08-19, Attachment B at 102-04, November 13, 2008 (referring to IMTS); Docket No. MC2008-1, United States Postal Service Notice of Filing of Proposed Mail Classification Schedule Language for Four Products It Requests Should Be Added to the Product Lists as Postal Services, October 17, 2008 (referring to Address Management Services; Customized Postage; Shipping and Mailing Supplies; and Greeting Cards, Stationery and Related Items).

Pursuant to 39 U.S.C. 505, Robert Sidman 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. MC2009-19 is established to consider the Postal Service Request referred to in the body of this Order.
2. Comments are due no later than April 30, 2009.
3. The Commission appoints Robert Sidman 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