

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

COMPETITIVE PRODUCTS PRICE CHANGES  
RATES OF GENERAL APPLICABILITY

Docket No. CP2011-63

**NOTICE OF THE UNITED STATES POSTAL SERVICE  
OF CHANGES IN RATES OF GENERAL APPLICABILITY  
FOR A COMPETITIVE PRODUCT,  
ESTABLISHED IN GOVERNORS' DECISION NO. 11-4  
(March 15, 2011)**

Pursuant to 39 C.F.R. § 3015.2, the United States Postal Service hereby gives notice of changes in rates of general applicability and of concomitant classification changes for a competitive product – specifically, Priority Mail. The instant price and classification changes enable “Forever” postage on Priority Mail Flat Rate packaging. In accordance with § 3015.2(b), this notice provides the Governors’ Decision establishing the changes, including a statement of explanation and justification, which orders the changes into effect on April 17, 2011, and a certification of the Governors’ vote.

Attached to this notice is a schedule showing the necessary price and classification changes to the competitive products section of the Mail Classification Schedule that will enable “Forever” postage on Priority Mail Flat Rate packaging. Classification changes established by this Governors’ Decision are shown in legislative format.

As these price and classification changes simply establish “Forever” postage for existing Priority Mail packages, these changes will have no effect on the ability of the Priority Mail product as a whole to cover its costs and make an appropriate contribution

to institutional costs, as compared to the financial workpapers recently presented in Docket No. CP2011-26.

The Governors' Decision and record of proceedings will be sent for publication in the Federal Register in accordance with 39 U.S.C. § 3632(b)(2).

Respectfully submitted,

UNITED STATES POSTAL SERVICE  
By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Pricing and Product Support

Elizabeth A. Reed

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-3179, Fax -6187  
Elizabeth.A.Reed@usps.gov  
March 15, 2011

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON  
ESTABLISHMENT OF RATE AND CLASS OF GENERAL APPLICABILITY FOR  
FOREVER PREPAID FLAT RATE PACKAGING FOR PRIORITY MAIL  
(GOVERNORS' DECISION NO. 11-4)**

---

March 11, 2011

**STATEMENT OF EXPLANATION AND JUSTIFICATION**

The Postal Service intends to introduce a new price category within Priority Mail on the competitive product list to allow Forever Prepaid Flat Rate Packaging. Pursuant to our authority under section 404(b) and Chapter 36 of title 39, United States Code, the Governors establish price and classification changes to introduce Forever Prepaid Flat Rate Packaging for the Priority Mail product.

Currently, there is no prepaid offering in the domestic Shipping Services marketplace that offers prepaid flat rate packaging. The instant proposal consists of offering "packs" of Priority Mail packaging that have prepaid mailing labels affixed, for the following types of packaging:

- Priority Mail Flat Rate Envelopes-Regular, Legal, Padded
- Priority Mail Flat Rate Boxes-Small, Medium (2 styles), Large

The Forever Prepaid Flat Rate Packaging will be available for purchase in 3, 5, 10 and 25 count packs.

We have reviewed management's analysis of this proposal, which is attached. We have evaluated the new price and classification changes in this context in accordance with 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. We approve the changes, finding that they are appropriate, and are consistent with the regulatory criteria, as indicated by management.

## **Management Analysis**

### **Forever Prepaid Flat Rate Packaging for Priority Mail**

The United States Postal Service is requesting approval to provide a new competitive offering of Forever Prepaid Flat Rate Packaging for Priority Mail. The proposal consists of offering "packs" of Priority Mail packaging that have prepaid mailing labels affixed.

Product types involved:

- Priority Mail Flat Rate Envelopes-Regular, Legal, Padded
- Priority Mail Flat Rate Boxes-Small, Medium (2 styles), Large

The Forever Prepaid Flat Rate Packaging will be available for purchase in 3, 5, 10 and 25 count packs.

Currently, there is no prepaid offering in the U.S. marketplace that offers prepaid flat rate packaging. DHL previously offered a prepaid product, but that offering ceased when DHL left the North American market.

The primary benefit to the customer is ease-of-use. A consumer or business will no longer have to own a meter machine or go online to purchase postage and affix it to a package. They will not have to wait in line at a post office to mail a package; they will now be able to give the package to their carrier, drop it in an APC, or drop it at a Postal Service retail counter. For frequent travelers or a consumer on vacation, the prepaid box can easily be placed flat in a suitcase and then used while away from home. Further, Forever Prepaid Flat Rate Packaging will offer an easy solution for businesses that have difficulty determining a simple, inexpensive payment solution to use the Postal Service. The primary benefits to the USPS are: 1) increased revenue, 2) increased Priority Mail volume, 3) reduced "wait time in line", and 4) avoided costs associated with printing and destruction of Priority Mail Flat Rate Envelopes that do not have "Forever postage" (with every rate increase, these prepaid non-Forever postage items must be destroyed, as they have live postage stamps affixed).

This packaging will contain postage equal to the price in effect for an equivalent Flat Rate Envelope or Box at the time of implementation, which will be good forever (i.e., Forever Prepaid Legal Flat Rate Envelope price = Legal Flat Rate Envelope price in existence on the effective date of this initiative). Because the item is prepaid, a date will not be placed in the postage indicia because the actual date shipped will be an unknown factor. As a result, a shipping label will be affixed to each package which contains hidden postage at the current rate (via a Postage Evidencing System) and the purchaser's return address information. In order to prevent fraud, each label will be printed with a watermark eagle logo and the purchase date will be embedded in the IBI meter. Additionally, the prepaid label will be applied to the USPS packaging before it is shipped to the customer.

Because of the cost of the prepaid packs, it is expected that customers will use them quickly rather than keeping them for a long period of time.

There will be two components of this offering. The online model will allow consumers and businesses to purchase the packs from a website. Management intends to launch the online model as soon as possible. The second component, the retail model, will eventually allow retailers to sell the packs in their stores directly to their customers. Retailers will choose which pack(s) they wish to sell based on their established customer base. Management is still developing the retail model.

The USPS will use two vendors to produce the Forever Prepaid Flat Rate Packaging packs. Stamps.com will be used to create the postage and the Express Priority Mail Supply Center (EPMSC) will print and affix the labels to the packaging, then ship the pack to the customer.

**ORDER**

We direct management to file with the Postal Regulatory Commission appropriate notice of these classification and rate changes. The changes in price and class set forth herein shall be effective one business day after the Commission issues all necessary regulatory approval.

By The Governors:



---

Louis J. Giuliano  
Chairman

**CERTIFICATION OF GOVERNORS' VOTE  
IN THE  
GOVERNORS' DECISION NO. 11-4**

I hereby certify that the Governors voted on adopting Governors' Decision No. 11-4, and that, consistent with 39 USC 3632(a), a majority of the Governors then holding office concurred in the Decision.

  
\_\_\_\_\_  
Julie S. Moore  
Secretary of the Board of Governors

Date: 3-11-11

## MAIL CLASSIFICATION SCHEDULE

\*\*\*

### PART B      COMPETITIVE PRODUCTS

\*\*\*

2110    Priority Mail

\*\*\*

2110.6      Prices

\*\*\*

*Retail Flat Rate Envelopes<sup>1</sup>*

	(\$)
Retail Flat Rate Envelope, per piece	4.95
Retail Legal Flat Rate Envelope, per piece	4.95
Retail Padded Flat Rate Envelope, per piece	4.95

*Retail Flat Rate Boxes<sup>2</sup>*

Size	Delivery to Domestic Address (\$)	Delivery to APO/FPO/DPO Address (\$)
Small Flat Rate Box	5.20	5.20
Medium Flat Rate Boxes	10.95	10.95
Large Flat Rate Box	14.95	12.95

<sup>1</sup> The price for Regular, Legal, or Padded Flat Rate Envelopes also applies to sales of Regular, Legal, or Padded Flat Rate Envelopes, respectively, marked with Forever postage, at the time the envelopes are purchased.

<sup>2</sup> The price for Small, Medium, or Large Flat Rate Boxes also applies to sales of Small, Medium, or Large Flat Rate Boxes, respectively, marked with Forever postage, at the time the boxes are purchased.

\*\*\*

\*\*\*

\*\*\*

\* \* \* \* \*

## PART C Glossary of Terms and Conditions

3007 F

\* \* \*

### **Forever Postage**

Items with imprinted Forever postage are sold at the prevailing price for postage on the underlying mail item. Once purchased, the Forever postage may be used for postage equal to the prevailing price, at the time of use, for the underlying mail item.