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Dated: March 8, 2010.

William T. Flynn,

Acting Director, Center for Veterinary Medicine.

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POSTAL REGULATORY COMMISSION

39 CFR Part 3020

Docket No. MC2009-19; Order No. 391

New Postal Product

AGENCY: Postal Regulatory Commission.

ACTION: Final rule.

SUMMARY: The Commission is adding special postal services to the product lists. This action is consistent with changes in a postal reform law. Republication of the product lists is also consistent with a statutory provision. The Commission also has prepared a supporting library reference.

DATES: Effective March 11, 2010 and is applicable beginning January 13, 2010.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION: *Regulatory History*, 74 FR 15784 (April 7, 2009).

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I. Introduction and Summary

In Docket No. MC2008-1, the Commission found that six previously stated unclassified services were postal services.¹ It directed the Postal Service to make an appropriate filing to add those services to the Mail Classification Schedule (MCS) product lists. In this proceeding, the Postal Service seeks to add seven postal services to the product lists. Based upon a review of the record, the Commission approves the addition of two products to the Market Dominant Product List and five products to the Competitive Product List as follows:

¹ Docket No. MC2008-1, Review of Nonpostal Services Under the Postal Accountability and Enhancement Act, December 19, 2008, at 27-38, 63-64 and Appendix 1 (Order No. 154). Order No. 154 was issued in proceedings instituted to fulfill the Commission's responsibilities under 39 U.S.C. 404(e)(3) to determine which services offered by the Postal Service were nonpostal services and which, if any, of those nonpostal services should be continued.

Market Dominant Product List: Address Management Services (to replace Address List Services) and Customized Postage and [to the] Competitive Product List: Address Enhancement Service; Greeting Cards and Stationery; Shipping and Mailing Supplies; and International Money Transfer Service-Outbound and International Money Transfer Service-Inbound (to replace International Money Transfer Service).

The Commission also confirms its finding in Order No. 154 that Stamp Fulfillment Services is a postal product and directs the Postal Service to make an appropriate filing within 60 days to add Stamp Fulfillment Services to the MCS.

In addition, the Commission revises the draft MCS product descriptions for Greeting Cards and Stationery and for Shipping and Mailing Supplies. Product descriptions for these and other services covered by the Postal Service's request in this proceeding are set forth in a PRC Library Reference being filed in this docket. PRC-MC2009-19-LR1. Subject to further possible modifications, these product descriptions are to be incorporated into the draft MCS at the time of its future publication. Finally, the Commission directs that the Postal Service file draft product descriptions for eight existing items that are to be included in Address Management Services.

II. Procedural History

Background. In Order No. 154, the Commission ruled that six previously unclassified services were postal services. Those six services were Address Management Services; Customized Postage; Stamp Fulfillment Services; Greeting Cards; ReadyPost; and International Money Transfer Service. Because the Postal Service had not complied with the requirements of 39 U.S.C. 3642(d) and 39 CFR 3020.30 *et seq.* the Commission did not address whether these six services should be added to the MCS product lists. Instead, the Commission classified each of these services as either a market dominant or competitive product pending the outcome of classification proceedings that the Commission directed the Postal Service to institute within 60 days. *Id.* at 27-29, 89.

Postal Service Requests. On March 10, 2009, the Postal Service filed a request to add seven products to the MCS product lists: Address Management Services; Customized Postage; Address Enhancement Service; Greeting Cards, Stationery, and Related Items; Shipping and Mailing Supplies; International Money Transfer Service-Inbound; and

International Money Transfer Service-Outbound.²

One of the six products classified as a postal service by Order No. 154, Stamp Fulfillment Services, was intentionally omitted from the March 10, 2009 filing. That omission was based upon the Postal Service's view that Stamp Fulfillment Services was no longer a postal service because of planned modifications to the service.

Of the remaining five services classified as postal services by Order No. 154, two, Address Management Services (AMS) and International Money Transfer Service, were split into narrower services. Address Management Services was subdivided into a market dominant product called "Address Management Services" and a competitive product, "Address Enhancement Service." International Money Transfer Service was separated into an inbound service, "International Money Transfer Service-Inbound" and an outbound service, "International Money Transfer Service-Outbound."³ As a result of the foregoing changes, the March 10, 2009 filing proposed the addition of seven products to the MCS product lists in place of the six products discussed in Order No. 154.

Commission Order No. 198 provided formal notice of the Request, established the captioned docket to consider the Request, appointed an officer of the Commission to represent the interests of the general public, and set April 30, 2009 as the deadline for comments.⁴

Thereafter, on May 8, 2009, the Postal Service filed a notice of an amendment to its March 10, 2009 filing.⁵ The amendment was made to reflect the manner in which one of the components of Address Management Services would be offered.⁶ Commission Order No. 215

² 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).

³ Supplemental information regarding International Money Transfer Service-Inbound and International Money Transfer Service-Outbound was subsequently provided by the Postal Service. See Supplemental Response of the United States Postal Service to Order No. 154, July 15, 2009.

⁴ PRC Order No. 198, Notice and Order Concerning Request to Add Seven Postal Services to the Mail Classification Schedule Product Lists, March 30, 2009 (Order No. 198).

⁵ Notice of the United States Postal Service of Amendment to Its Request to Add Postal Products to the Mail Classification Schedule in Response to Order No. 154, May 8, 2009 (Amended Request).

⁶ More specifically, two services previously offered as stand-alone components of Address Management Services (*i.e.*, *FASTforward MLOCR* service and *FASTforward Move Update Notification*) were being combined under the name *FASTforward MLOCR* service. The charge for *FASTforward MLOCR* service remained unchanged and there was no longer to be a separate charge for *FASTforward Move Update Notification* service.

was issued on May 12, 2009, providing formal notice of the Amended Request and allowing additional comments.⁷

Comments. The following parties filed comments in response to Order No. 198 and Order No. 215: the National Association of Retail Ship Centers (NARSC); United Parcel Service (UPS); Associated Mail and Parcel Centers (AMPC); and the Public Representative.⁸ The points raised in their respective comments are addressed in section III., Commission Analysis, below.

Chairman's information requests. On May 21, 2009, the Chairman issued an information request to the Postal Service.⁹ The Postal Service submitted its response on May 29, 2009.¹⁰ Thereafter, on August 5, 2009, the Chairman issued a second information request,¹¹ to which the Postal Service responded on August 13, 2009.¹²

Additional comments. Following the Postal Service's filing of its response to CHIR No. 1, a series of additional comments and responses were filed by several parties: the Public Representative; the Greeting Card Association (GCA); NARSC; and the Postal Service.¹³ While the rules of practice do not provide for such filings, the Commission will accept each of these filings in order to ensure that all arguments and comments of the participants are considered.¹⁴ A

⁷ PRC Order No. 215, Notice and Order Concerning Amendment to Request to Add Seven Postal Services to the Mail Classification Schedule Product Lists, May 12, 2009 (Order No. 215).

⁸ Comments of National Association of Retail Ship Centers, April 30, 2009 (NARSC Comments); Comments of United Parcel Service in Response to Notice and Order Concerning Request to Add Seven Postal Services to the Mail Classification Schedule Product Lists, April 30, 2009 (UPS Comments); Comments of Associated Mail and Parcel Centers, May 1, 2009 (AMPC Comments); Comments of the Public Representative, April 30, 2009 (Public Representative Comments); and Supplemental Comments of the Public Representative in Response to Commission Order No. 215, May 19, 2009 (Public Representative Supplemental Comments).

⁹ Chairman's Information Request No. 1, May 21, 2009 (CHIR No. 1).

¹⁰ Responses of the United States Postal Service to Chairman's Information Request No. 1, May 29, 2009 (Response to CHIR No. 1).

¹¹ Chairman's Information Request No. 2, August 5, 2009 (CHIR No. 2).

¹² Responses of the United States Postal Service to Chairman's Information Request No. 2, August 13, 2009 (Response to CHIR No. 2).

¹³ Comments of the Public Representative on the Postal Service's Legal Authority to Set Fees for Postal Services Without Commission Approval, June 9, 2009 (Public Representative Additional Comments); Comments of the Greeting Card Association, May 29, 2009 (GCA Comments); Response of the United States Postal Service to Intervenor and Public Representative Comments, June 11, 2009 (Postal Service Reply Comments); and Comments of National Association of Retail Ship Centers, June 17, 2009 (NARSC Additional Comments).

¹⁴ Two of the parties, GCA and the Public Representative, sought leave to file these additional

discussion of the points raised in these comments can be found in section III., Commission Analysis, below.

III. Commission Analysis

The Postal Service requests the addition of seven services to the product lists specified in the MCS. For the reasons given below, the Commission concludes that the following seven postal services should be included in the MCS and, as appropriate, be added to the product lists: Address Management Services; Customized Postage; Address Enhancement Service; Greeting Cards and Stationery; Shipping and Mailing Supplies; International Money Transfer Services-Outbound; and International Money Transfer Services-Inbound. For the reasons given below, the Postal Service is directed to make an appropriate filing within 60 days to add Stamp Fulfillment Services to the Market Dominant Product List.

A. Market Dominant Products

1. Address Management Services

Address Management Services (AMS) is the new name given by the Postal Service to the market dominant product previously called "Address List Services". See Request, Attachment A, at 1. Address List Services (ALS) was added to the MCS product lists by Order No. 43 and contained only four services.¹⁵ As amended, the Postal Service's Request in this proceeding would increase the number of services from 4 to 27.¹⁶ The AMS product consists of a number of value-added services that enable bulk business mailers to better manage the quality of their mailing lists. The AMS product also includes diagnostic and other

comments. See GCA Motion for Leave to Submit Comments Out of Time, May 29, 2009; and Motion for Leave to File Comments on the Postal Service's Legal Authority to Set Fees for Postal Services Without Commission Approval, June 9, 2009. These motions are granted. With respect to the remaining filings, the Commission is persuaded that the additional information provided by these filings will clarify the record. Accordingly, these additional submissions are accepted for filing. The parties are, however, cautioned that failure to seek leave to file future untimely submissions, or submissions not otherwise authorized by the rules of practice, may result in their rejection.

¹⁵ Docket No. RM2007-1, Order Establishing Rate-making Regulations for Market Dominant and Competitive Products, October 29, 2007 (Order No. 43). Those services were Correction of Address Lists; Change-of-Address Information for Election Boards and Registration Commissions; ZIP Code Sortation of Address Lists; and Address Sequencing. See also Docket No. RM2007-1, United States Postal Service Submission of Initial Mail Classification Schedule in Response to Order No. 26, September 24, 2007, Appendix at 79.

¹⁶ Compare Request, Attachment A, at 1-12 (AMS Product Descriptions) with Amended Request at 1-2 (incorporation of FASTforward Move Update Notice (FFMUN) into FASTforward MLOCR).

services that evaluate address management software for accuracy.¹⁷

No party opposes adding Address Management Services to the Market Dominant Product List within the Special Services class. Request at 2, n.3. However, in his initial and supplemental comments, the Public Representative observes that the Postal Service's Request fails to provide an adequate discussion of statutory factors and objectives.¹⁸ *Id.* The Postal Service responds by providing a more complete discussion of the following objectives and factors: Objective No. 1 (maximization of incentives to reduce costs and increase efficiency); Objective No. 3 (maintenance of high quality service standards established under section 3691); Factor No. 5 (the degree of mail preparation by mailers for delivery into the postal system and its effect on cost reduction); and Factor No. 12 (the need to increase efficiency, reduce costs, and maintain high quality, affordable services). Response to CHIR No. 1, Question 4. Upon consideration of the information provided in the Request and in the subsequent response to CHIR No. 1, the Commission concludes that the AMS product should be added to the Market Dominant Product List.

The Public Representative also questions whether the changes proposed in the Amended Request to *FASTforward MLOCR* and *FASTforward Move Update Notification* constitute a rate change requiring prior notice and compliance with other applicable provisions of 39 CFR part 3010. Public Representative Supplemental Comments at 2-3. Alternatively, the Public Representative acknowledges that the Amended Request could be construed as a proposal to add new products to the Market Dominant Product List and that

¹⁷ Address Management Services differs from the competitive product, Address Enhancement Service, discussed, *infra*. Whereas Address Management Services consists of address update services and address data files originated by the Postal Service, such as ZIPCode + 4 data, the competitive product, Address Enhancement Service, consists of three address matching services that compete with services provided by private address management software developers.

¹⁸ The Public Representative also commented on the absence of any financial information for the Address Management Services product. Public Representative Comments at 5-6; and Public Representative Supplemental Comments at 4. Historically, the Postal Service has not been required to produce detailed cost data for AMS. Consequently, financial information for this product does not exist. However, by adding the Address Management Services product to the MCS, the Postal Service will be required to develop a cost methodology for this product. See section III.B., Reporting Procedures for Approved Market Dominant Products, *infra*, or a discussion on reporting financial information for this product.

without approved rates in effect, the Amended Request would not, by definition, produce a rate change. *Id.* Under the unique circumstances presented in this case, the Commission finds the latter characterization more persuasive and that the Amended Request does not present a rate change proposal.

Finally, the Public Representative asserts that the Postal Service has failed to include additional value-added services in its Request. Public Representative Comments at 6–7. The services referred to by the Public Representative are: Advance Notification and Tracking System; MAC Batch System Certification; MAC Gold System Certification; MAC System Certification; Mailpiece Quality Control Certification; PAGE System Certification; PAVE System Certification; and Z4INFO. The Public Representative argues that all “postal services” must be listed in the MCS under a particular product, and that it appears the Postal Service is attempting to set fees for “postal services” without Commission review and approval. Public Representative Additional Comments at 2–3.

The Postal Service argues that the omission from its Request of the services at issue is not an attempt to take advantage of a regulatory “no man’s land” by offering services not included in the MCS, as alleged by the Public Representative. Response to CHIR No. 1, Question 2; and Postal Service Reply Comments at 10. The Postal Service agrees that these value-added services are, in fact, postal services, but explains that these services are designed to “minimize, rather than maximize” revenue and thus, do not necessarily need to be added to the MCS. Response to CHIR No. 1, Question 2(b). The Postal Service further argues that the Commission has the authority to “forbear” from regulating these services as “products” and thereby omit these services from the MCS.¹⁹ *Id.*; and Postal Service Reply Comments at 10–12. In lieu of adding the services to the MCS, the Postal Service offers to provide the Commission with annual fee and revenue information on these services with the understanding that the Commission might, in the future, decide to regulate these services as “products” if the information provided by the Postal Service were to suggest that such regulation were necessary. CHIR No. 1,

Question No. 2(b). In total, AMS will include 36 services.

As the Postal Service recognizes, Congress has given the Commission jurisdiction over the postal services at issue. While the Postal Service asserts that the Commission has the authority to “forbear” from exercising that jurisdiction, it cites no clear legal authority for exercising such forbearance. Instead, the Postal Service advances several policy arguments to support the reasonableness of forbearance.²⁰

The Commission is not persuaded by these policy arguments. Without clear authority to forbear from exercising jurisdiction, the Commission will follow its jurisdictional mandate from Congress and direct that these services be added to the Market Dominant Product List as elements of Address Management Services. In addition, the Postal Service will be required to file draft MCS language within 30 days of the date of this order for those services.²¹

While the Commission is legally obligated to exercise its jurisdiction, it also possesses discretionary authority to determine how that jurisdiction will be exercised. Given the small and intermittent revenues produced by these services and the current lack of reliable costing methodologies, the Commission will not subject them to the full range of regulatory review. Instead, the Commission will require only that the Postal Service report fee and revenue information (if any) for those services annually as part of its Annual Compliance Report. The information to be filed shall be in a form similar to Appendix A to Docket No. MC2008–1, Response of the United States Postal

²⁰ See Response to CHIR No. 1, Questions 2 and 3; and Postal Service Reply Comments at 10–12.

²¹ The Commission rejects the Public Representative’s suggestion that the Postal Service be required “to provide a full accounting of all ‘postal services’ not listed on the draft MCS.” Public Representative Additional Comments at 2. In Order No. 154 at 35, the Commission recognized that “it is possible for something to be inadvertently omitted when attempting to compile a complete list of activities ... [and that] ... any omitted activities can be explored in the next phase of this case.” See Docket No. MC2008–1, Review of Nonpostal Services Under the Postal Accountability and Enhancement Act, December 19, 2008 (Order No. 154). Accordingly, in instituting Phase II of the proceedings in Docket No. MC2008–1, the Commission directed the Postal Service to file a sworn statement providing “details of each retail program for which information may have been inadvertently omitted in response to Order No. 74 and which the Postal Service seeks to have classified as a postal service or, alternatively, to continue to offer as a nonpostal service.” Docket No. MC2008–1 (Phase II), Notice and Order Initiating Phase II Proceedings, January 9, 2009, at 4. The Postal Service made no such filing in that proceeding. Thus, the Commission views the record as complete in that regard.

Service to PostCom *et al.* Motion to Sever From This Proceeding the Consideration of Those Previously Unregulated Services That the Postal Service Asserts are “Postal Services,” December 12, 2008.²² If the need for more extensive regulatory reporting becomes apparent, the Commission may revisit the issue.

2. Customized Postage

The Postal Service proposes to add the Customized Postage program to the Market Dominant Product List as a stand-alone Special Services product. The Customized Postage program authorizes vendors to provide their customers with Postal Service authorized postage consisting of customer-selected images. There are currently four vendors participating in the Customized Postage program.²³

No party objects to adding Customized Postage to the Market Dominant Product List. However, the Public Representative observes that the Postal Service’s Request provided only a minimal discussion as to how the proposed Customized Postage product achieved the objectives of 39 U.S.C. 3622(b), while taking into account the factors of 39 U.S.C. 3622(c). Public Representative Comments at 4–5. In its response to CHIR No. 1, the Postal Service provided a more complete discussion of the following objectives and factors: Objective No. 2 (rate predictability and stability) and Objective No. 5 (assurance of adequate revenues to maintain financial stability); and Factor No. 8 (relative value to the people of the kinds of mail matter and the desirability and justification for special mail classifications). Response to CHIR No. 1, Question 4.

Upon review of the information submitted, the Commission concludes that the Customized Postage program satisfies the requirements of sections 3622(b) and (c). The Commission, therefore, approves the addition of the Customized Postage program to the Market Dominant Product List.

3. Stamp Fulfillment Services

Stamp Fulfillment Services (SFS) provide shipping and handling for all orders placed with the Stamp Fulfillment Services office in Kansas City, Missouri. Orders for postage stamps, personalized stamped envelopes, and philatelic sales can be placed by fax, mail, online, or telephone; orders for Officially Licensed Retail Products (OLRP) can be placed

²² The Postal Service has stated its willingness to provide information in this form. Response to CHIR No. 1, Question 2.

²³ See www.usps.com for information on the respective vendors (keyword search: Customized Postage).

¹⁹ Initially, the Postal Service argued that the “postal services” were “postal activities” that were designed to “minimize, rather than maximize” revenue and, as such, did not need to be added to the MCS. See *id.*

only online.²⁴ Currently, the Postal Service imposes a \$1.00 charge for fulfilling postage stamp, philatelic, and stamped envelope orders. *Id.* at 10. The Postal Service maintains that the \$1.00 charge “is more like a handling charge intended to recover SFS costs for preparing orders for shipment, rather than shipping costs.” *Id.* at 11. For personalized stamped envelopes, the Postal Service also imposes an additional and higher shipping and handling charge.

In its Request, the Postal Service states that it “is not requesting the addition of SFS to the MCS.” *Id.* at 10. Instead, it plans to eliminate the \$1.00 handling charge and implement an alternative fee structure for shipping. In doing so, the Postal Service argues that the alternative fee structure, which would utilize existing postage prices, eliminates the justification for adding SFS to the MCS. *Id.* at 12–13.

In conceptual terms, the Postal Service’s alternative fee structure would “recover postage for SFS shipments directly, while recovering handling costs through the prices charged for the items.” *Id.* at 11. The Postal Service proposes this alternative pricing structure because customers who mail or fax their SFS orders often find it difficult to calculate the zone and weight for their orders, particularly larger orders, using the existing fee schedules. Thus, the Postal Service wants to ensure that customers can “readily determine and pay the total charge for an order, including shipping, at the time the order is placed.” *Id.* at 12.

The Postal Service offers several examples to illustrate how an alternative fee structure might work. *Id.* The four examples reference existing market dominant and competitive postage prices, *i.e.*, First-Class Mail and Priority Mail prices, as shipping charges for hypothetical SFS orders. However, the Postal Service states that the shipping charge for any particular SFS order:

would not always be the actual postage that would otherwise be charged based on the zone and weight for the mail piece being shipped. Instead, existing postage prices will be selected, for application to shipments that fall within specified parameters.

Id. The Postal Service states that it is “still working on the specific postage prices that it will charge for shipments, but plans to complete the process soon.” *Id.* at 13.

²⁴ Request at 12, n.13. The use of customized software enables online OLRP orders to be “shipped at [the] actual postage rates for the zone and weight of the shipment. Such an approach would not be workable for mail and fax orders.” *Id.* Consequently, shipping prices for OLRP orders are not at issue in this proceeding.

The Postal Service’s alternative pricing structure for shipping SFS orders raises concerns. More specifically, the Public Representative states that the four examples provided by the Postal Service “imply that there are situations where the Postal Service is altering the ordinary tariff rate postage for SFS orders.” Public Representative Comments at 15. The Public Representative further states that if the Postal Service’s alternative pricing structure for SFS orders alters the ordinary tariff rate then “the Postal Service should be required to add this product to the Market Dominant Product List and to obtain Commission approval for these special rates for SFS services.” *Id.*

Additionally, in Order No. 154, the Commission determined that “handling and shipping fees associated with stamp purchases and personalized stamped envelopes represent fees for postal services.”²⁵ (Order No. 154 at 63, emphasis added.) The planned elimination of the handling charge would address only one of the bases for requiring the addition of SFS to the MCS product list. The Postal Service’s proposed use of “alternative” shipping fees would still require the Commission to classify SFS as a market dominant postal product since, as the Public Representative points out the four pricing examples offered by the Postal Service suggest that “the Postal Service will not be charging tariff rates for certain fulfillment orders ...” *Id.* at 15. Rather, the Postal Service intends to use rates from a tariff schedule that are weight- and distance-related and apply those rates as shipping charges without regard to the weight of the item or the zone to which it is actually being sent.²⁶ *Id.*

The Commission is sensitive to the Postal Service’s efforts to improve the ordering process for customers, particularly for mail and fax customers. A simplified fee structure derived from existing tariff rates could achieve the result the Postal Service desires. The Postal Service can, if it desires, propose simplified SFS shipping prices. In doing so, the Postal Service has an opportunity to develop simplified pricing for shipping of SFS orders that improves the likelihood customers will

²⁵ In making this determination, the Commission observed that if fees for handling and shipping services “were incurred solely in connection with philatelic sales, classifying such services as nonpostal would be reasonable.” *Id.* However, the Commission found that the Postal Service “often can not distinguish philatelic from regular stamp purchases ...” *citing* the Initial Response of the United States Postal Service to Order No. 74, June 9, 2008, at 14. *Id.*

²⁶ This selective use of rates published in a tariff schedule does not constitute the application of tariff rates as those rates were intended to be applied.

complete the ordering process and increase postal revenues. Should the Postal Service propose the use of simplified shipping fees as an alternative to tariff postage that would, of course, itself require the Postal Service to file an appropriate request to add SFS to the MCS product lists. Pending receipt of any such proposal, the Commission reaffirms its findings in Order No. 154, and the Postal Service is authorized to continue to charge a \$1.00 handling fee. The continued collection of the handling fee, however, requires the filing of a request to add SFS to the Market Dominant Product List. That filing is due within 60 days from the date of this order.

B. Reporting Procedures for Approved Market Dominant Products

With the exception of the eight Address Management Services which the Postal Service is directed to add to the MCS as elements of Address Management Services (section III.A.1, Address Management Services, *supra*), the Commission expects the Postal Service to submit cost, revenue, and volume data at the product level for all remaining market dominant products. Previously, the Postal Service has not reported detailed cost data for Address Management Services, Customized Postage, and Stamp Fulfillment Services. Cost methodologies were not developed for these services, and the Commission recognizes that the existing data systems may not provide adequate cost, revenue, and volume data for many of the separate services within certain products such as Address Management Services. The Postal Service is currently “reviewing all its internal reporting systems consistent with its plans to collect and report cost, revenue, and volume data in the next [Annual Compliance Report]....” Response to CHIR No. 1, Question 3. The Postal Service further states that “cost methodologies will be developed (and submitted to the Commission for prior review) to generate additional information.” *Id.* The Commission expects the Postal Service to report on the status of its efforts prior to the next Annual Compliance Report.

C. Competitive Products

1. Address Enhancement Service

The Postal Service proposes to add Address Enhancement Service (AES) to the Competitive Product List as a stand-alone product.²⁷ Address Enhancement

²⁷ The Address Enhancement Service product is different from the market dominant Address Management Services product. For a more detailed discussion of Address Management Services, *see* section III.A.1., Address Management Services, *supra*.

Service is the name given to several separate services: Address Element Correction (AEC), Address Matching System Application Program Interface (AMS API), and Topographical Integrated Geographic Encoding and Referencing (TIGER/ZIP + 4). Each service is designed around one or more software packages that improve address quality and reduce undeliverable-as-addressed mail.

In its Request, the Postal Service proposes MCS language that contains descriptions and prices for each of the separate services within the proposed Address Enhancement Service product. The Postal Service's Request also provides a Statement of Justification that includes confidential FY 2008 cost and revenue figures that were filed under seal for the proposed product. In response to CHIR No. 1, the Postal Service supplemented its Request with supporting financial worksheets that were also filed under seal. Response to CHIR No. 1, Question 1.

The Public Representative raised concerns regarding the AMS API service, contending that it appears to be a bundle of six market dominant Address Management Services databases that could potentially be priced anti-competitively, *i.e.*, at less than the sum of the prices for each database in the bundle. Public Representative Comments at 13. If priced in this way, the Public Representative alleges "there would be no meaningful competition since a competitor could not purchase the individual unbundled market dominant products at a price that would allow it to repack those services and compete with the Postal Service's competitive bundled service on price." *Id.*, n.19.

In response to the Public Representative's comments, the Postal Service further describes the features of the AMS API service and its proposed pricing. Postal Service Reply Comments at 6. According to the Postal Service, the AMS API service is not merely six bundled market dominant Address Management databases. — The AMS API service provides a "core set of compiled address-matching software instructions (computer code), developed by the Postal Service" that interpret data from the six market dominant Address Management databases.²⁸ *Id.* at 5. The AMS API address-matching software package is offered to address management vendors to incorporate in and thereby enhance their Address

Management software when applied to the data from the market dominant databases. *Id.*

The Postal Service also explains that the price for AMS API is greater than the sum of the prices for the six market dominant databases combined. Address Management software vendors who want to incorporate AMS API into their own Address Management software must pay a reseller license fee of \$16,700, as well as separate annual fees for additional licenses in order to distribute the databases to multiple customers along with their software. Consequently, the reseller license fee plus the annual fees for additional database licenses are greater than the sum of the individual price of each of the six market dominant databases. *Id.* The Postal Service has submitted revised MCS language to clarify the pricing of the AMS API service. *See id.* at 6.

The Commission approves the addition of Address Enhancement Service to the Competitive Product List based upon the revised MCS language provided by the Postal Service. The Postal Service's further explanation of the AMS API service and the six market dominant Address Management databases clarifies that the price relationships would not have an anti-competitive effect.

2. Greeting Cards and Stationery

In Order No. 154, the Commission concluded that the sale of greeting cards and stationery (Greeting Cards) was a postal service and directed the Postal Service to file a request to add Greeting Cards to the MCS. Order No. 154 at 89.²⁹ In Attachment A to its Request, the Postal Service proposes the following classification language:

2XXX Greeting Cards, Stationery, and Related Items

2XXX.1 Description
Greeting Cards, Stationery, and Related Items include items designed to be used to mail personal messages.

Greeting cards—Greeting cards include cards with envelopes and may be sold individually or as sets.

Stationery—Stationery includes paper, envelopes, postcards, note cards, and note pads and are sometimes packaged as sets[.]

Parties' comments. NARSC objects to any and all retail sales of greeting cards,

stationery, and related items by the Postal Service on several grounds, including the following: that these products are nonpostal products; that the Postal Service enjoys a competitive advantage due to its size, purchasing power, and exemption from local sales tax laws; that the addition of 32,000 Postal Service retail outlets to the existing 64,000 retail outlets of private firms would overburden an already crowded marketplace; that the Postal Service has failed to document projected expenses and revenues; and that the sale of such items will interfere with the performance of core Postal Service responsibilities. *See* NARSC Comments and NARSC Additional Comments.

AMPC takes issue with the scope of the "Greeting Card" description in the Postal Service's proposed MCS language, alleging that the sale of a full line of greeting cards would constitute a nonpostal service and should be precluded. *See* AMPC Comments. Instead, AMPC requests that the definition of "greeting cards" in the MCS be limited to "those cards which relate directly to specific stamps or Official Licensed Retail Product programs." *Id.*

The Public Representative supports adding Greeting Cards, Stationery, and Related Items to the MCS as a competitive product, subject to certain limitations. Public Representative Comments at 10. First, the Public Representative notes that the term "Related Items" had no definition and that it should either be defined or excluded from the MCS. *Id.*, n.12. Second, the Public Representative submits that the availability of all of these items should be limited to postal retail locations. *Id.* at 10–11. Third, the Public Representative takes the position that the Postal Service should be required to provide adequate financial data to support the addition of these products to the MCS, or should be required to incorporate into the MCS its pricing policies with respect to these items. *Id.* at 11–12.

In its June 11, 2009 response to the comments of NARSC, AMPC, and the Public Representative, the Postal Service argues that the Commission already found greeting cards and stationery to be postal services in Order No. 154; these products will be a valuable addition to the market; the sale of these products is not a "non-core" activity; all greeting cards, not just postal themed cards, foster use of the mails; and the fact that the sales of these products will compete with sales by others does not provide a basis for rejecting the proposed addition of these products to the Competitive Product

²⁸ AMS API includes the following six market dominant databases within the Address Management Services product: City State, Delivery Point Validation, eLot, LACSLink, Five-Digit ZIP, and ZIP+4.

²⁹ The Commission's ruling in ordering paragraph 1 refers solely to "Greeting Cards." However, it is clear from the Commission's discussion of the greeting card status issue that the Commission used the term "Greeting Cards" to refer not only to greeting cards, *per se*, but to other stationery items. *Id.* at 34–35. One of the purposes of the instant proceeding is to determine the appropriate scope of the product.

List. Postal Service Reply Comments at 2–3. The Postal Service also takes issue with the Public Representative's proposal to prohibit the availability of greeting cards at nonpostal retail locations. *Id.* at 3–4. Notwithstanding this opposition to the Public Representative, the Postal Service suggests that the issue need not be decided at this time since the Postal Service's current plan is to offer greeting card products only through Postal Service retail channels. *Id.* at 4.

On May 29, 2009, GCA filed comments supporting the proposed addition of greeting cards, stationery, and related items to the MCS. GCA Comments at 2. GCA asserts that the proposal will benefit its members, consumers, and the Postal Service by giving consumers convenient and additional opportunities to purchase greeting cards that will be sent through the mail. *Id.* at 1. GCA claims that the effect of the Postal Service's proposal will be to increase the total use of greeting cards, not to simply reallocate greeting card sales among retail outlets. *Id.*³⁰

Commission analysis. While the Postal Service is correct that Order No. 154 determined that greeting cards and stationery were postal services, the issue of whether to add them to the Competitive Product List was not before the Commission in that proceeding. The issue is now pending, and section 3642(b)(3) requires the Commission to give due consideration to “the availability and nature of enterprises in the private sector engaged in the delivery of the product involved” and to “the likely impact of the proposed action on small business concerns”

NARSC's argument that the Postal Service enjoys certain competitive advantages is countered, in part, by the Postal Service's response that it has been selling greeting cards and stationery as a part of its retail product mix for over a decade. Request, Attachment E, at 4. As NARSC itself points out, there are already other large retail outlets that sell greeting cards and stationery. NARSC Comments at 1. Against this history, NARSC's general allegations of harm are not persuasive,

particularly, as discussed below, given the limitations imposed on the sale of such items. Furthermore, the Commission can not simply assume that sales of greeting cards and stationery by the Postal Service will necessarily decrease sales by other retailers, large or small. See GCA Comments at 1.

A related, but separate, aspect of NARSC's allegation of unfair competitive advantage relates to the Postal Service's pricing of greeting cards and stationery. NARSC suggests that in selling such items, the Postal Service may not have been recovering its costs. NARSC Comments at 1–2. In that connection, NARSC questions whether the Postal Service has adequately determined the costs attributable to the sale of these items. NARSC Additional Comments at 1. The Public Representative raises similar concerns, arguing that the Postal Service should either file adequate financial data to support the addition of greeting cards and stationery to the MCS, or alternatively, file a narrative description of its pricing policies. Public Representative Comments at 12.

The Postal Service argues that any danger that these items will not cover their costs or will unfairly compete in the marketplace has been eliminated because they are now subject to regulation by the Commission. Postal Service Reply Comments at 2. In that connection, the Postal Service states that its policy will, in general, be to price greeting cards and stationery with “at least a 50 percent mark-up over the wholesale price” and that as part of its effort to comply with the PAEA, it has already begun to track costs of greeting cards and stationery products.³¹ Request, Attachment E, at 2. The Postal Service therefore believes that this product will be able to generate revenues that cover its attributable costs and will not undermine the contribution of competitive products to the coverage of institutional costs. *Id.* at 2–3. The Postal Service's contentions are supported by information provided under seal in response to CHIR No.1.³² The information provided by the Postal Service convinces the Commission that the proposed sale of greeting cards and

stationery is likely to cover attributable costs and should not undermine the ability of competitive products overall to contribute to the coverage of institutional costs.

AMPC suggests that the sale of greeting cards be limited to those “which relate directly to specific stamps or Official Licensed Retail Product programs.” AMPC Comments. In Order 154, however, the Commission expressly recognized that not all greeting cards identified by the Postal Service in its response to Order No. 74 were directly related to specific stamps or OLRP programs, when it stated that “[i]ntellectual property, however, is not featured on every card.” Order No. 154 at 34, n.72.

Nevertheless, AMPC is correct in stating that the activities determined to be postal services were those described by the Postal Service in its response to Order No. 74. *Id.* at 35. That response included a representation that the Postal Service had no plans to offer a full line of greeting cards. *Id.* at 34. By contrast, the Request in this proceeding includes the broadly worded MCS product description quoted above that could be read as encompassing a full line of greeting cards.

To obtain a more current statement of the Postal Service's intentions, CHIR No. 2 requested that the Postal Service provide information regarding its future plans to sell greeting cards. CHIR No. 2, Question 2(d).³³ In its response, the Postal Service describes the range of greeting card formats that it anticipates offering. Response to CHIR No. 2, Questions 2(a).³⁴ In addition, the Postal Service, once again, states that it does not intend to offer a full line of greeting cards. *Id.* This commitment confirms the Postal Service's previous position in Docket No. MC2008–1 and appears to be responsive to AMPC's concerns.

The Public Representative suggests that the sale of greeting cards and stationery be limited to retail postal locations. The Public Representative

³⁰ NARSC responded to GCA's comments by filing additional comments on June 17, 2009, in which it opposed Commission acceptance of GCA's comments because of their untimeliness; challenged the adequacy of the Postal Service's response to CHIR No.1 regarding costs and cost coverage; and elaborated further on the points raised in its initial comments. As stated in n.14, *supra*, and accompanying text, the Commission is granting GCA's motion for leave to file out of time and is accepting all additional comments not otherwise authorized by the Commission's rules of practice, including the NARSC Additional Comments.

³¹ This cost information must be presented in the Postal Service's Annual Compliance Report as required by 39 U.S.C. 3652, and is reviewed by the Commission in issuing its Annual Compliance Determination, as required by 39 U.S.C. 3653.

³² See library reference USPS-MC2009–19/NP–2, Nonpublic Supporting Materials Filed in Response to CHIR No.1, Relating to Competitive Products. This information was on file at the time the NARSC Additional Comments were filed. NARSC incorrectly states that the Postal Service failed to address the Commission's request for this information. NARSC Additional Comments at 1.

³³ CHIR No. 2 was prompted, in part, by a Postal Service solicitation issued as part of an investigation of the possibility of offering an expanded line of greeting cards. Federal Business Opportunities (FedBizOpps.com), Solicitation Number 2B–09–A–0018, posted May 21, 2009 (Solicitation).

³⁴ For example, the Postal Service states that it “does not intend to offer a ‘full line’ of greeting cards” and that a “full line” at standard greeting card stores “is ‘displayed on well over 200 linear feet of fixtures with additional space allocated for Stationery and Related items,’ whereas the Postal Service intends to provide ‘an average of 4–8 feet of display space’ and that a ‘full line’ of greeting cards ‘includes all seasonal cards and various specialty lines to target ethnic and geographic patterns,’ whereas the Postal Service could offer only ‘a very limited holiday selection’ of cards.

states that the availability of these products at such retail locations was understood to be the basis on which Order No. 154 was issued. Public Representative Comments at 10–11. The Postal Service opposes the suggestion, but indicates that the issue need not be addressed because it has no plans to offer these items through any other retail channels and does not object to the limitation requested by the Public Representative. Postal Service Reply Comments at 4.

The Postal Service's proposed MCS language includes the term "Related Items." The term is not defined. The Public Representative objects to its inclusion in the MCS. Public Representative Comments at 10, n.12. In its response to CHIR No. 2, the Postal Service offers a possible definition of "Related Items,"³⁵ but notes that it was "in the process of discontinuing all 'related items' in both retail channels [*i.e.*, retail lobbies and usps.com]." *Id.*, Question 1(b). The Postal Service also states that it "might offer boxed stationery or note cards to promote the use of First-Class Mail, but has not developed plans to do so at this time." *Id.*, Question 1(c). (Emphasis added.).

The Commission approves adding sales of Greeting Cards and Stationery to the Competitive Product List. However, the proposed draft MCS language will be revised to limit the availability of this product to retail postal locations and the Postal Service's Web site. In view of the uncertain status of, and future for, Related Items, it will not be included in the MCS at this time. If the Postal Service wishes to offer Related Items, it must make an appropriate filing with the Commission.

3. Shipping and Mailing Supplies

The Postal Service proposes to add Shipping and Mailing Supplies to the Competitive Product List as a stand-alone product. Shipping and Mailing Supplies consist of packaging materials that are used to package, seal, protect, and label items for mailing, including mailing cartons, specialty boxes, mailing tubes, mailing envelopes, a variety of packaging tapes, and other shipping accessories. Request, Attachment F, at 1. The Postal Service offers these packaging supplies through its retail channels. *See id.* at 1 and 4.

In Docket No. MC2008–1, the Commission reviewed the Postal Service's request to classify ReadyPost—a Postal Service-branded line of packaging supplies, as a postal service.

Order No. 154 at 27. Based upon that review, the Commission found ReadyPost to be a postal service. *Id.* at 34. In this proceeding, however, the Postal Service combines ReadyPost with other packaging supplies to form Shipping and Mailing Supplies. Request, Attachment F, at 1.

With its Request in this proceeding, the Postal Service proposes MCS language that contains descriptions and prices for Shipping and Mailing Supplies. The Postal Service also provides a Statement of Justification that includes confidential FY 2008 cost and revenue figures that were filed under seal for the proposed product.

The Public Representative argues that the Request fails to include any financial information or spreadsheets to determine whether the new product complies with 39 U.S.C. 3633(a), 39 U.S.C. 3642(d)(1), or 39 CFR 3015.7. Public Representative Comments at 10–11. The Commission concludes, upon review, that the financial information concerning Shipping and Mailing Supplies, provided under seal in Response to CHIR No. 1, Question 1, satisfies the applicable statutory and regulatory requirements.

The Public Representative supports the addition of Shipping and Mailing Supplies to the Competitive Product List "with appropriate constraints." *Id.* at 10. In this regard, the Public Representative asserts that the Postal Service's proposed MCS language appears to permit the sale of Shipping and Mailing Supplies at retail locations other than postal retail locations, such as department stores and mass merchandisers. *Id.* The sale of Shipping and Mailing Supplies at other retail locations "does not foster the use of the mails and is not a 'function ancillary'" to the delivery of mailable matter. *Id.* at 10–11. Accordingly, the Public Representative argues that availability of Shipping and Mailing Supplies should be limited to postal retail locations and the Postal Service's Web sites. *Id.* at 11.

The Postal Service opposes this limitation, but suggests that this issue does not need to be decided in this docket. The Postal Service's "current plans with regard to the Shipping and Mailing Supplies product (as well as, incidentally, the Greeting Cards product), is to sell such materials through Postal Service retail channels." Postal Service Reply Comments at 4.

The Commission approves the addition of Shipping and Mailing Supplies to the Competitive Product List. However, the proposed MCS language does not accurately describe what the Postal Service is selling as Shipping and Mailing Supplies or in

what retail channels. In this regard, "related material" offered for sale as shipping supplies and the sales channels in which Shipping and Mailing Supplies may be offered must be clarified. Accordingly, in recognition of the positions of both the Public Representative and the Postal Service, the draft MCS language will be revised to limit the sale of Shipping and Mailing Supplies to postal retail locations and the Postal Service's Web site. The draft MCS language will also be revised to change "related material" to "related packaging materials used to prepare items for entry into the mailstream" to clarify the limited nature of the related materials.

4. International Money Transfer Services

In Docket No. MC2008–1, the Postal Service sought to have International Money Transfer Service (IMTS) classified as a postal service. In this proceeding, the Postal Service proposes to bifurcate IMTS into an outbound product (IMTS-Outbound) and an inbound product (IMTS-Inbound). Request at 6–10; Attachment A at 12; and Attachment G. The IMTS-Outbound product features prices of "general applicability" for postal money orders and the electronic transfer of money that can be cashed or accessed, respectively, in a number of foreign countries. The separate IMTS-Inbound product consists of 10 agreements with foreign postal administrations that govern Postal Service payment of foreign money orders presented to post offices in the United States. Request at 6. The Postal Service states that the agreements are "functionally equivalent" having many similar cost and market characteristics. *Id.* at 9. As part of its Request, the Postal Service proposes MCS text consisting of descriptive information concerning the IMTS-Outbound and IMTS-Inbound products. Request, Attachment A, at 13–15.

The Public Representative raises two concerns with respect to the addition of IMTS-Outbound and IMTS-Inbound to the Competitive Product List. First, the Postal Service failed to provide any financial information in support of its Request, thereby precluding any determination as to whether IMTS-Outbound and IMTS-Inbound comply with various provisions of the PAEA. Public Representative Comments at 7. Second, the Public Representative reports the Commission's finding, in its FY 2008 Annual Compliance Determination (ACD) that IMTS-Outbound and IMTS-Inbound combined

³⁵ "Related items could include boxed note cards, stationery sets, and boxed greeting cards for everyday occasions or holidays." Response to CHIR No. 2, Question 1(a).

did not cover its attributable costs.³⁶ *Id.* at 8. The Public Representative suggests that until accurate cost and revenue data are provided, the Commission should defer action on these products or, alternatively, add them as experimental products. *Id.* at 9. If, however, the Commission decides to add IMTS-Outbound and IMTS-Inbound to the Competitive Product List, the Public Representative recommends that the Commission require a greater commitment from the Postal Service to produce reliable cost estimates with sufficient time to review any new methodologies. *Id.*

The Public Representative's concerns are well founded. At the time of its Request in this proceeding, the Postal Service stated "it is not possible to say with confidence that either IMTS-Outbound or IMTS-Inbound is or is not covering its attributable costs." Request, Attachment G, at 3. Moreover, the Postal Service further acknowledged it was without "sufficiently reliable information upon which [to] draw conclusions concerning the corrections that would be required properly to address the shortfall in cost coverage." *Id.* at 2. Consequently, during FY 2009, the Postal Service proposed to further study the "basic information needed to analyze the cost coverage of both IMTS products and to report again to the Commission by July 15, 2009." *Id.* at 3. The Postal Service's subsequent report detailed recent efforts and difficulties associated with obtaining data to estimate IMTS costs and stated that the Postal Service was returning to the "task of accumulating enough observations of IMTS transactions to determine more reliably the costs attributable to them."³⁷ However, the July 15, 2009 report does not indicate when the Postal Service intends to complete its "further study."

The Postal Service's request to add IMTS-Outbound and IMTS-Inbound as separate products to the Competitive Product List is approved. However, it is imperative that the Postal Service continue its work to develop reliable cost estimates for both products.³⁸

D. Miscellaneous Issues

UPS states that the Commission should consider the impact of adding products to the Competitive Product List on the overall contribution of competitive products to the Postal Service's institutional costs. UPS Comments at 2. UPS does not oppose the addition of any product to the Competitive Product List, but urges the impact of adding new competitive products to the list be evaluated, particularly as regards their contribution to institutional costs.

The Commission agrees with UPS that the cumulative impact of adding products to the Competitive Product List must be evaluated. The next opportunity for that evaluation will be in the 2010 ACD proceedings.

In conclusion, the Commission approves the Postal Service's Request to add products to the Market Dominant Product List and Competitive Product List as discussed in this order.³⁹ The revisions to the Market Dominant and Competitive Product Lists are shown below the signature on this order and are effective upon issuance of the order.

IV. Ordering Paragraphs

It is ordered:

1. The Postal Service's request to add postal products to the Market Dominant Product List and Competitive Product List is approved as set forth in the body of this order.

2. Address Management Services and Customized Postage are added to the Market Dominant Product List as products under Special Services. Address List Services is replaced by Address Management Services.

3. Address Management Services shall contain the following elements: Address Sequencing; Advance Notification and Tracking System; AEC II (Address Element Correction II) Service; AIS (Address Information Service) Viewer; Barcode Certification; CRIS (Carrier Route Information Service); CASS (Coding Accuracy Support System) Certification; Change-of-Address Information for Election Boards and Registration Commissions; City State; CDS (Computerized Delivery Sequence); Correction of Address Lists; Delivery

Statistics; Delivery Type; DMM (Domestic Mail Manual) Labeling Lists; DPV (Domestic Point Validation) System; DSF2 (Delivery Sequence File—2nd Generation) Service; eLOT (enhanced Line of Travel) Service; FASTforward MLOC (Multi-line Optical Character Reader); Five-Digit ZIP; LACS^{Link} (Locatable Address Conversion Service); Mailpiece Quality Control Certification; MAC (Manifest Analysis and Certification) Batch System Certification; MAC Gold System Certification; MAC System Certification; MASS (Multiline Accuracy Support System) Certification; NCOA^{LINK} (National Change of Address) Service; NCOA^{LINK} (National Change of Address) Service-ANK^{Link} (Addressee Not Known) Service Option; Official National Zone Charts; PAGE (Presort Accuracy, Grading, and Evaluation) System Certification; PAVE (Presort Accuracy, Validation, and Evaluation) System Certification; RDI (Residential Delivery Indicator) Service; Z4CHANGE; Z4INFO; ZIP+4 Service; ZIPMove; and ZIP Code Sortation of Address Lists.

4. The Postal Service shall within 30 days of the date of this order file appropriate draft product descriptions for the following: Address Management Services: Advance Notification and Tracking System; Mailpiece Quality Control Certification; MACTM Batch System Certification; MACTM Gold System Certification; PAGE System Certification; PAVETM System Certification; and Z4INFO.

5. The Postal Service shall file an appropriate request to add Stamp Fulfillment Services to the Mail Classification Schedule Market Dominant Product List within 60 days of the date of this order, as discussed in the body of this order.

6. Address Enhancement Service is added to the Competitive Product List. Address Enhancement Service shall contain the following elements: AEC (Address Element Correction); AMS API (Address Matching System Application Program Interface); TIGER/ZIP + 4 (topological Integrated Geographic Encoding and Referencing).

7. Greeting Cards and Stationery and Shipping and Mailing Supplies are added to the Competitive Product List.

8. International Money Transfer Service is replaced by International Money Transfer Service-Outbound and International Money Transfer Service-Inbound as products on the Competitive Product List.

9. The Secretary shall arrange for publication of this order in the **Federal Register**.

³⁶ In this regard, the Postal Service's FY 2008 Annual Compliance Report (ACR) stated that IMTS as a whole did not cover its attributable costs. In addition, the Postal Service was unable to report the financial results of IMTS-Outbound and IMTS-Inbound separately. FY 2008 International Cost and Revenue Analysis (ICRA) Report (Non-Public), A Pages (c), at page A-2, n.5.

³⁷ Supplemental Response of the United States Postal Service to Order No. 154, July 15, 2009, Attachment A, Statement of Supporting Justification, at 6.

³⁸ In Docket No. RM2010-4, filed during the pendency of the instant proceeding, the Postal Service proposed to change the volume variability

of window service costs for IMTS. This change only applies to the combined inbound and outbound services and does not address the development of separate costs for the IMTS-Inbound and IMTS-Outbound products requested by the Postal Service in this proceeding.

³⁹ Bracketed text in previous Product Lists, which has been used to reserve entries for class, product and group descriptions, is being eliminated to improve readability, foster consistency of presentation, conform the Lists more closely to long-term expectations about format, and to reduce costs associated with publication.

List of Subjects in 39 CFR Part 3020

Administrative practice and procedure; Postal Service.

By the Commission.

Shoshana M. Grove,

Secretary.

■ For the reasons discussed in the preamble, the Postal Regulatory Commission amends chapter III of title 39 of the Code of Federal Regulations as follows:

PART 3020—PRODUCT LISTS

■ 1. The authority citation for part 3020 continues to read as follows:

Authority: Authority: 39 U.S.C. 503; 3622; 3631; 3642; 3682.

■ 2. Revise Appendix A to Subpart A of Part 3020—Mail Classification Schedule to read as follows:

Appendix A to Subpart A of Part 3020—Mail Classification Schedule**Part A—Market Dominant Products****1000 Market Dominant Product List****First-Class Mail**

Single-Piece Letters/Postcards
Bulk Letters/Postcards
Flats
Parcels
Outbound Single-Piece First-Class Mail International
Inbound Single-Piece First-Class Mail International

Standard Mail (Regular and Nonprofit)

High Density and Saturation Letters
High Density and Saturation Flats/Parcels
Carrier Route
Letters
Flats
Not Flat-Machinables (NFM)s/Parcels

Periodicals

Within County Periodicals
Outside County Periodicals

Package Services

Single-Piece Parcel Post
Inbound Surface Parcel Post (at UPU rates)
Bound Printed Matter Flats
Bound Printed Matter Parcels
Media Mail/Library Mail

Special Services

Ancillary Services
International Ancillary Services
Address Management Services
Caller Service
Change-of-Address Credit Card Authentication
Confirm
Customized Postage
International Reply Coupon Service
International Business Reply Mail Service
Money Orders
Post Office Box Service

Negotiated Service Agreements

HSBC North America Holdings Inc. Negotiated Service Agreement
Bookspan Negotiated Service Agreement

Bank of America Corporation Negotiated Service Agreement
The Bradford Group Negotiated Service Agreement

Inbound International

Canada Post—United States Postal Service Contractual Bilateral Agreement for Inbound Market Dominant Services (MC2010-12 and R2010-2)

Market Dominant Product Descriptions**First-Class Mail**

Single-Piece Letters/Postcards
Bulk Letters/Postcards
Flats
Parcels
Outbound Single-Piece First-Class Mail International
Inbound Single-Piece First-Class Mail International
Standard Mail (Regular and Nonprofit)
High Density and Saturation Letters
High Density and Saturation Flats/Parcels
Carrier Route
Letters
Flats
Not Flat-Machinables (NFM)s/Parcels

Periodicals

Within County Periodicals
Outside County Periodicals

Package Services

Single-Piece Parcel Post
Inbound Surface Parcel Post (at UPU rates)
Bound Printed Matter Flats
Bound Printed Matter Parcels
Media Mail/Library Mail

Special Services

Ancillary Services
Address Correction Service
Applications and Mailing Permits
Business Reply Mail
Bulk Parcel Return Service
Certified Mail
Certificate of Mailing
Collect on Delivery
Delivery Confirmation
Insurance
Merchandise Return Service
Parcel Airlift (PAL)
Registered Mail
Return Receipt
Return Receipt for Merchandise
Restricted Delivery
Shipper-Paid Forward
Signature Confirmation
Special Handling
Stamped Envelopes
Stamped Cards
Premium Stamped Stationery
Premium Stamped Cards
International Ancillary Services
International Certificate of Mailing
International Registered Mail
International Return Receipt
International Restricted Delivery
Address List Services
Caller Service
Change-of-Address Credit Card Authentication
Confirm
International Reply Coupon Service
International Business Reply Mail Service
Money Orders

Post Office Box Service
Negotiated Service Agreements
HSBC North America Holdings Inc. Negotiated Service Agreement
Bookspan Negotiated Service Agreement
Bank of America Corporation Negotiated Service Agreement
The Bradford Group Negotiated Service Agreement

Part B—Competitive Products**2000 Competitive Product List****Express Mail**

Express Mail
Outbound International Expedited Services

Inbound International Expedited Services

Inbound International Expedited Services 1 (CP2008-7)

Inbound International Expedited Services 2 (MC2009-10 and CP2009-12)

Inbound International Expedited Services 3 (MC2010-13 and CP2010-12)

Priority Mail

Priority Mail
Outbound Priority Mail International
Inbound Air Parcel Post (at non-UPU rates)

Royal Mail Group Inbound Air Parcel Post Agreement

Inbound Air Parcel Post (at UPU rates)

Parcel Select**Parcel Return Service****International**

International Priority Airlift (IPA)
International Surface Airlift (ISAL)
International Direct Sacks—M—Bags
Global Customized Shipping Services
Inbound Surface Parcel Post (at non-UPU rates)

Canada Post—United States Postal Service Contractual Bilateral Agreement for Inbound Competitive Services (MC2010-14 and CP2010-13—Inbound Surface Parcel post at Non-UPU Rates and Xpresspost-USA)

International Money Transfer Service—Outbound

International Money Transfer Service—Inbound

International Ancillary Services

Special Services

Address Enhancement Service
Greeting Cards and Stationery
Premium Forwarding Service
Shipping and Mailing Services

Negotiated Service Agreements**Domestic**

Express Mail Contract 1 (MC2008-5)

Express Mail Contract 2 (MC2009-3 and CP2009-4)

Express Mail Contract 3 (MC2009-15 and CP2009-21)

Express Mail Contract 4 (MC2009-34 and CP2009-45)

Express Mail Contract 5 (MC2010-5 and CP2010-5)

Express Mail Contract 6 (MC2010-6 and CP2010-6)

Express Mail Contract 7 (MC2010-7 and CP2010-7)

Express Mail Contract 8 (MC2010-16 and CP2010-16)
 Express Mail & Priority Mail Contract 1 (MC2009-6 and CP2009-7)
 Express Mail & Priority Mail Contract 2 (MC2009-12 and CP2009-14)
 Express Mail & Priority Mail Contract 3 (MC2009-13 and CP2009-17)
 Express Mail & Priority Mail Contract 4 (MC2009-17 and CP2009-24)
 Express Mail & Priority Mail Contract 5 (MC2009-18 and CP2009-25)
 Express Mail & Priority Mail Contract 6 (MC2009-31 and CP2009-42)
 Express Mail & Priority Mail Contract 7 (MC2009-32 and CP2009-43)
 Express Mail & Priority Mail Contract 8 (MC2009-33 and CP2009-44)
 Parcel Select & Parcel Return Service Contract 1 (MC2009-11 and CP2009-13)
 Parcel Select & Parcel Return Service Contract 2 (MC2009-40 and CP2009-61)
 Parcel Return Service Contract 1 (MC2009-1 and CP2009-2)
 Priority Mail Contract 1 (MC2008-8 and CP2008-26)
 Priority Mail Contract 2 (MC2009-2 and CP2009-3)
 Priority Mail Contract 3 (MC2009-4 and CP2009-5)
 Priority Mail Contract 4 (MC2009-5 and CP2009-6)
 Priority Mail Contract 5 (MC2009-21 and CP2009-26)
 Priority Mail Contract 6 (MC2009-25 and CP2009-30)
 Priority Mail Contract 7 (MC2009-25 and CP2009-31)
 Priority Mail Contract 8 (MC2009-25 and CP2009-32)
 Priority Mail Contract 9 (MC2009-25 and CP2009-33)
 Priority Mail Contract 10 (MC2009-25 and CP2009-34)
 Priority Mail Contract 11 (MC2009-27 and CP2009-37)
 Priority Mail Contract 12 (MC2009-28 and CP2009-38)
 Priority Mail Contract 13 (MC2009-29 and CP2009-39)
 Priority Mail Contract 14 (MC2009-30 and CP2009-40)
 Priority Mail Contract 15 (MC2009-35 and CP2009-54)
 Priority Mail Contract 16 (MC2009-36 and CP2009-55)
 Priority Mail Contract 17 (MC2009-37 and CP2009-56)
 Priority Mail Contract 18 (MC2009-42 and CP2009-63)
 Priority Mail Contract 19 (MC2010-1 and CP2010-1)
 Priority Mail Contract 20 (MC2010-2 and CP2010-2)
 Priority Mail Contract 21 (MC2010-3 and CP2010-3)

Priority Mail Contract 22 (MC2010-4 and CP2010-4)
 Priority Mail Contract 23 (MC2010-9 and CP2010-9)
 Priority Mail Contract 24 (MC2010-15 and CP2010-15)
 Outbound International
 Direct Entry Parcels Contracts
 Direct Entry Parcels 1 (MC2009-26 and CP2009-36)
 Global Direct Contracts (MC2009-9, CP2009-10, and CP2009-11)
 Global Direct Contracts 1 (MC2010-17 and CP2010-18)
 Global Expedited Package Services (GEPS) Contracts
 GEPS 1 (CP2008-5, CP2008-11, CP2008-12, CP2008-13, CP2008-18, CP2008-19, CP2008-20, CP2008-21, CP2008-22, CP2008-23, and CP2008-24)
 Global Expedited Package Services 2 (CP2009-50)
 Global Plus Contracts
 Global Plus 1 (CP2008-8, CP2008-46 and CP2009-47)
 Global Plus 2 (MC2008-7, CP2008-48 and CP2008-49)
 Inbound International
 Inbound Direct Entry Contracts with Foreign Postal Administrations
 Inbound Direct Entry Contracts with Foreign Postal Administrations (MC2008-6, CP2008-14 and MC2008-15)
 Inbound Direct Entry Contracts with Foreign Postal Administrations 1 (MC2008-6 and CP2009-62)
 International Business Reply Service Competitive Contract 1 (MC2009-14 and CP2009-20)
 Competitive Product Descriptions
 Express Mail
 Express Mail
 Outbound International Expedited Services
 Inbound International Expedited Services
 Priority
 Priority Mail
 Outbound Priority Mail International
 Inbound Air Parcel Post
 Parcel Select
 Parcel Return Service
 International
 International Priority Airlift (IPA)
 International Surface Airlift (ISAL)
 International Direct Sacks—M-Bags
 Global Customized Shipping Services
 International Money Transfer Service
 Inbound Surface Parcel Post (at non-UPU rates)
 International Ancillary Services
 International Certificate of Mailing
 International Registered Mail
 International Return Receipt
 International Restricted Delivery
 International Insurance

Negotiated Service Agreements
 Domestic
 Outbound International

Part C—Glossary of Terms and Conditions [Reserved]

Part D—Country Price Lists for International Mail [Reserved]

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ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA-R05-OAR-2009-0369; FRL-9125-3]

Approval and Promulgation of Air Quality Implementation Plans; Minnesota

AGENCY: Environmental Protection Agency (EPA).

ACTION: Direct final rule.

SUMMARY: EPA is approving a site-specific revision to the Minnesota State Implementation Plan (SIP) for particulate matter less than 10 microns (PM₁₀) for Aggregate Industries Yard A Facility in Saint Paul, Ramsey County, Minnesota. On May 19, 2009, the Minnesota Pollution Control Agency (MPCA) requested that EPA approve certain portions of a joint Title I/Title V document into the Minnesota PM₁₀ SIP for this facility. The State is also requesting in this submittal that EPA rescind the Administrative Order (AO) issued to J.L. Shiely Company which is currently included in Minnesota's SIP for PM₁₀. The emissions units previously owned by J.L. Shiely Company are now owned by Aggregate Industries. Because the PM₁₀ emission limits are being reduced, the air quality of Ramsey County will be protected.

DATES: This direct final rule will be effective May 10, 2010, unless EPA receives adverse comments by April 12, 2010. If adverse comments are received, EPA will publish a timely withdrawal of the direct final rule in the **Federal Register** informing the public that the rule will not take effect.

ADDRESSES: Submit your comments, identified by Docket ID No. EPA-R05-OAR-2009-0369, by one of the following methods:

1. <http://www.regulations.gov>: Follow the on-line instructions for submitting comments.

2. *E-mail:* damico.genevieve@epa.gov.

3. *Fax:* (312) 385-5501.

4. *Mail:* Genevieve Damico, Acting Chief, Criteria Pollutant Section, Air Programs Branch (AR-18J), U.S. Environmental Protection Agency, 77