

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Modification of the Mail)
Classification Schedule)
Product Lists)

Docket No. MC2009-19

COMMENTS OF THE PUBLIC REPRESENTATIVE

(April 30, 2009)

The Postal Service proposes to add several new postal services to the Market Dominant and Competitive Product Lists. In particular, the Postal Service proposes to add the following postal services to the Market Dominant Product List: Customized Postage and Address Management Services. It proposes to add the following postal services to the Competitive Product List: International Money Transfer Service (Inbound and Outbound); Shipping and Mailing Supplies; Greeting Cards, Stationary, and Related Items; and Address Enhancement Services. It also seeks leave to withdraw Stamp Fulfillment Services from consideration as a new product.

The Public Representative provides the following comments in response to the Postal Service's proposal.

I. INTRODUCTION

Under the Postal Accountability and Enhancement Act (PAEA), Congress tasked the Commission with the responsibility of ensuring the transparency and accountability of the Postal Service. For the Commission to fulfill this Congressional mandate, the Postal Service must provide the appropriate level of supporting data and other information to allow the Commission and general public to determine that the proposal does not violate applicable provisions of the PAEA. Quite simply, the less information that the Postal Service provides in support of its requests, the less transparency and accountability exists.

In support of the instant proposal, the Postal Service has provided very little data and supporting justification for its proposal to add these postal services to the product lists. Below, the Public Representative's comments discuss the details of those shortfalls and how they should be improved to increase transparency and accountability. Additionally, several of the Postal Service's proposed new products raise other issues that the Commission should address prior to adding those products to the product lists. These issues are discussed below. Finally, these comments discuss the problems with the Postal Service's failure to propose the addition of Stamp Fulfillment Services to the Market Dominant Product List.

In consideration of the issues raised by these comments, the Commission should institute further proceedings pursuant to 39 CFR 3020.24(b) to explore these concerns.

II. COMMENTS

A. Statutory and Regulatory Requirements

As the Commission has noted many times, one of its responsibilities in these types of cases to determine whether to assign the proposed new products to either the Market Dominant Product List or to the Competitive Product List under 39 U.S.C. 3642.

See, e.g., Order No. 197 at 5. In making that determination, the Commission must consider whether

the Postal Service exercises sufficient market power that it can effectively set the price of such product substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products.

39 U.S.C. 3642(b)(1).¹ If so, the proposed new product is classified as market dominant, if not, the product is classified as competitive.

To provide the Commission with sufficient information to make that determination, the Postal Service must provide certain “information” and “data” pursuant to 39 CFR 3020.30 *et seq.* See e.g., 39 CFR 3020.32(i). In particular, the rules state that the Postal Service must “provide all supporting justification upon which the Postal Service proposes to rely.” 39 CFR 3020.31(e). Among other things, the supporting justification must include:

- (1) For proposals to add market dominant products, an explanation as to why the change (i) is not inconsistent with the requirements of 39 U.S.C. 3622(d); (ii) advances the objectives of 3622(b); and (iii) takes into account the factors of 3622(c).
- (2) For proposals to add competitive products, an explanation as to why the change will not violate any of the standards of 39 U.S.C. 3633.
- (3) Include information, data and statements of reasons and basis to fully inform the Commission of the nature, scope, significance, and impact of the proposed modification.

See 39 CFR 3020.33. The Postal Service’s supporting justification must also allow the Commission and interested parties to verify that, for proposed competitive products, the Postal Service does not exercise sufficient market power so that it can effectively set the price of such proposed products substantially above costs, raise prices significantly,

¹ The Commission also considers the availability and nature of enterprises in the private sector engaged in the delivery of the product, the views of those who use the product, and the likely impact on small business concerns. 39 U.S.C. 3642(b)(3).

decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products. 39 CFR 3030.32(d).

As part of its review, the Commission also reviews the proposal for compliance with the Postal Accountability and Enhancement Act (PAEA). For proposed competitive products, this includes a review of the provisions applicable to rates for competitive products under 39 U.S.C. 3633 and 39 CFR 3015.7. See, e.g., Order No. 138 at 4-5 (November 20, 2008). For market dominant products, this includes a review under 39 CFR 3020.34 and 39 CFR 3020.32 which, among other things, incorporates the standards of 39 U.S.C. 3622(d), 3622(b), and 3622(c). As discussed in more detail below in sections II.B and II.C., the Postal Service's filing in this case does not meet these regulatory requirements and does not provide sufficient data or information to allow the Commission to make such findings under 3642, 3633, or 3622 as appropriate.

B. Proposed New Market Dominant Products

1. Customized Postage

The Postal Service proposes to add Customized Postage to the Market Dominant Product List as a postal service within the Special Services class. Request, Attachment D. As a general matter, the Public Representative supports the addition of this product to the Market Dominant Product List in the Special Services class. Customized Postage allows mailers to personalize correspondence and promotes the increased usage of mail.

However, the information provided by the Postal Service in this case in support of its request to add Customized Postage to the Market Dominant Product List is lacking. First, the Commission's rules require the Postal Service's supporting justification to demonstrate that the customized postage "is not inconsistent with each requirement of 39 U.S.C. 3622(d), and that it advances the objectives of 39 U.S.C. 3622(b), taking into account the factors of 39 U.S.C. 3622(c)." See 39 CFR 3020.32(b). The Postal

Service's supporting justification does not include any financial information or spreadsheets to allow the Commission, the Public Representative, or other interested parties to determine whether the proposed new product complies with applicable law.

Second, while the Postal Service's supporting justification mentions a few choice factors and objectives,² the Postal Service does not discuss how these factors and objectives are advanced by the proposed new product. The Commission should require the Postal Service to submit such information to allow it to make findings with respect to all relevant statutory and regulatory criteria prior to adding the product to the Market Dominant Product List.³ Here, this regulatory requirement should not be burdensome on the Postal Service or require new studies on cost, revenue and volume estimates since the proposed new product "is already offered to the public...[and has been] for the last several years." Request, Attachment D, at 2-3. The Postal Service should have actual data readily available.

2. Address Management Service

The Postal Service proposes to add Address Management Services to the Market Dominant Product List as a postal service within the Special Services class. Request, Attachment B. As a general matter, the Public Representative supports the addition of this Address Management Services to the Market Dominant Product List in the Special Services class. Address Management Services allow mailers to improve address quality and reduce undeliverable-as-addressed mail.

However, the information provided by the Postal Service in this case in support of its request to add Address Management Services to the Market Dominant Product List

² Specifically, the Postal Service's supporting justification mentions that the Customized Postage program is consistent with objective 5, factor 8, and factor 13. However, with respect to objective 5 and factor 8, the filing does not address these factors or objectives at all. It also does not address any other factors, objectives, or requirements of sections 3622(b), (c), or (d).

³ Among other things, financial data and spreadsheets would typically be required to allow the Commission to determine if 39 U.S.C. 3622(c)(2) is satisfied (as made applicable to this request by 39 CFR 3020.32(b)).

is lacking. First, similar to its supporting justification for Customized Postage, the Postal Service's support for Address Management Services does not include any financial information or spreadsheets to allow the Commission, the Public Representative, or other interested parties to determine whether the proposed new product complies with each requirement of 39 U.S.C. 3622(d), and that it advances the objectives of 39 U.S.C. 3622(b), and takes into account the factors of 39 U.S.C. 3622(c). See 39 CFR 3020.32(b).

Second, while the Postal Service's supporting justification mentions a few choice factors and objectives,⁴ the Postal Service does not discuss how these factors and objectives are advanced or taken into account by the proposed new product. The Commission should require the Postal Service to submit such information to allow it to make findings with respect to all relevant statutory and regulatory criteria prior to adding the product to the Market Dominant Product List.⁵ Here, this regulatory requirement should not be burdensome on the Postal Service or require special studies on cost, revenue and volume estimates since the proposed new product "is already offered to the public...[and has been] for a number of years." Request, Attachment B at 2-4. The Postal Service should have actual data readily available.

Third, as Postcom *et al.* pointed out in their Motion to Sever filed in Docket No. MC2008-1, several of the Postal Service's current address management service offerings are not included as rate categories in the Postal Service's proposed draft Mail Classification Schedule language.⁶ The Commission should require the Postal Service

⁴ Specifically, the Postal Service's supporting justification mentions that the Customized Postage program is consistent with objective 1, objective 3, factor 5, and factor 12. However, other than listing these specific factors and objectives, the filing does not address these factors or objectives at all. It also does not address any other factors, objectives, or requirements of sections 3622(b), (c), or (d).

⁵ Among other things, financial data and spreadsheets would typically be required to allow the Commission to determine if 39 U.S.C. 3622(c)(2) is satisfied (as made applicable to this request by 39 CFR 3020.32(b)).

⁶ Compare Docket No. MC2008-1, Postcom *et al.* Motion to Sever Consideration of the Postal Service's October 17 Filing into a Separate Docket For Consideration of a New Postal Product Listing, and Require Substantiation to Comply with the Commission's Rules at 4 (December 5, 2008) *with* Request, Attachment A, at 1-7, 15-17.

to explain if it has discontinued those and other service offerings or whether the Postal Service is seeking to place those postal services elsewhere on the product lists in a subsequent proceeding.⁷

C. Proposed New Competitive Products

1. International Money Transfer Service (Inbound and Outbound)

The Postal Service proposes to add the following two new International Money Transfer services to the Competitive Product List: (1) International Money Transfer Service—Outbound (IMTS-Outbound) and (2) International Money Transfer Service—Inbound (IMTS-Inbound).⁸ Request, Attachment G and Attachment H. As a general matter, the Public Representative supports the addition of these International Money Transfer products to the Competitive Product List. These products will allow members of the public to have more options for sending money throughout the world. These products are similar to the Postal Service's money order special service.

However, the Public Representative has several concerns with the addition of these products to the Competitive Product List in their current form. First, the Postal Service's supporting justification does not include any financial information, spreadsheets, or any numbers at all which would allow the Commission, the Public Representative, or other interested parties to determine whether the proposed new product complies with 39 U.S.C. 3633(a), 3642(d)(1), or 39 CFR 3015.7.⁹ The

⁷ Those questionable service offerings are: Advance Notification and Tracking System, MAC Batch, MAC System & MAC Gold, Mailpiece Quality Control, PAVE System, Z4INFO, Address List Sequencing Service, and Electronic Address Sequencing.

⁸ The Public Representative supports the Postal Service's approach of having each IMTS inbound agreement deemed functionally equivalent.

⁹ Although not noted in the Request, it may be that the Postal Service is seeking to rely on the financial information it provided in its FY 2008 Annual Compliance Report (FY 2008 ACR) related to International Money Transfer Service. However, no such information was provided on a product-by-basis as required by the applicable statutory and regulatory requirements for the two distinct products proposed

Commission should require the Postal Service to provide such information on a product-by-product basis.

Second, as the Commission found in its FY 2008 Annual Compliance Determination (ACD), Outbound and Inbound International Money Transfer Service combined did not cover its attributable costs. This is a violation of 3633(a)(2).¹⁰ Violations of 3633(a)(2) harm competitors and competition by providing the Postal Service with an unfair competitive advantage by allowing it to price its products below costs.

However, the Postal Service does not appear to agree with this Commission finding. Instead, it believes that “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. To remedy this problem, “the Postal Service proposes to study further, as best it can within the constraints of its processes, systems and budget, the basic information needed to analyze the cost coverage of both IMTS products and to report again to the Commission by July 15, 2009, on this issue.” *Id.*

The Commission must recognize that if it decides to accept the Postal Service’s request to add these products to the Competitive Product List at the current time, it runs the risk of decreasing the competitive products’ contribution to institutional costs, and may cause a violation of 3633(a)(3) as well as 3633(a)(2). In the FY 2008 ACD, the percentage of total institutional costs provided by competitive products decreased from 5.66 percent in FY 2007 to 5.54 percent in FY 2008. Docket No. ACR2008, FY 2008 ACD at 87. The FY 2008 figure is now only 0.04 percentage points higher than the required 5.5 percent. Before officially adding these products to the Competitive Product

here. The FY 2008 ACR on International Money Transfer Service aggregates the two proposed International Money Transfer Service (Inbound and Outbound) products.

¹⁰ See Docket No. ACR2008, FY 2008 Annual Compliance Determination (March 30, 2009) at 88 (stating that “[t]he Postal Service reports the financial results for outbound and inbound International Money Transfer Service together, which show that IMTS did not cover its attributable costs.”).

List, the Commission and the Postal Service should be confident that these products will not cause all competitive products to violate 3633(a)(3).

The Postal Service should have accurate cost and revenue data for these products given that these products are not “new.” In fact, the Postal Service concedes that “some of the agreements are over 100 years old.” *Id.* The bottom line is that the Postal Service needs to determine the cost coverage of these products with a reasonable degree of accuracy. Until such time, the Commission may wish to consider holding this portion of this proceeding in abeyance or adding IMTS as an experimental product. If the Commission chooses to allow the Postal Service to add these products to the Competitive Product List at the current time, it should require more commitment from Postal Service to provide accurate cost coverage data in the very near future. The Postal Service’s suggestion to “study further, as best it can within the constraints of its processes, systems and budget” with a report to the Commission by July 15, 2009 does not go far enough.

The Commission should require the Postal Service to submit a list that details the data it needs to collect in order to produce reliable cost estimates for the products as well as a narrative describing the problems that were discovered in the IMTS cost data by July 15, 2009. Then, no later than 90 days prior to the Postal Service submitting its FY 2009 ACR, the Commission should require the Postal Service to file a proceeding for approval of any new methodologies.

Until the Postal Service is able to verify that the FY 2008 figures were not reliable, the Commission should proceed as if the FY 2008 figures are correct, which means that revenues for these products did not cover attributable costs in FY 2008.

2. Shipping and Mailing Supplies/Greeting Cards, Stationery, and Related Items

The Postal Service proposed to add two similar postal service products to the Competitive Product List: (1) Shipping and Mailing Supplies¹¹ and (2) Greeting Cards, Stationery, and Related Items.¹² With appropriate constraints, the Public Representative supports the Postal Service's proposal to add these products to the Competitive Product List. The public will benefit from the convenience of being able to purchase greeting cards, stationery and mailing supplies at their local post offices immediately prior to mailing. However, as discussed below, the Public Representative has some concerns with the Postal Service's proposal.

In Order No. 154, the Commission found these products to be postal services due, in part, to the fact that they were sold in retail outlets.¹³ Despite this fact, the Postal Service's currently proposed Mail Classification Schedule language and supporting justification does not discuss this limitation. The proposed Mail Classification Schedule language and supporting justifications appear to be much broader. For example, they appear to allow the Postal Service to sell its ReadyPost or similarly branded boxes at department stores and mass merchandisers such as Wal-mart and K-mart. Allowing the Postal Service to use its ReadyPost line of products or similar

¹¹ This product was previously called "ReadyPost" in Docket No. MC2008-1. It is unclear if the Postal Service's name change has any bearing on the scope of this product.

¹² This product was previously called "Greeting Cards." It is unclear if the Postal Service's name change has any bearing on the scope of this product. It is also unclear what constitutes a "related item." The Request and supporting justifications do not discuss this term. If this term currently has no meaning, it should be removed from the product name to avoid confusion. If it does have meaning, the Postal Service should identify what "related items" it plans to offer for sale.

¹³ See Order No. 154 at 33 ("Third, making these postal-related products available at retail outlets offers convenience to the customer and makes access to the mailstream easier."); at 34 ("Myers indicates that the products...are sold in post offices."); *id.* (At bottom, the cards and related integrated retail promotions sold at retail facilities or online are designed to foster the use of the mails."). Additionally, the Public Representative's support for this product's classification as a postal service was based on the fact that it was only available in postal retail facilities. See Docket No. MC2008-1, Public Representative Brief at 33 (proposing Mail Classification Schedule language for ReadyPost that limited the Postal Service's ability to offer shipping supplies to only those "for use in connection with customers mailing activities at postal retail locations.").

offerings in this manner clearly does not foster the use of the mails and is not a “function ancillary” to the “delivery of letters, printed matter, or mailable packages.” 39 U.S.C. 102(5). Accordingly, to ensure that this service remains a “postal service” as defined in 39 U.S.C. 102(5), the Commission should include language in the proposed Mail Classification Schedule to limit the Postal Service’s ability to offer these services to “Postal Service retail locations and Postal Service websites.”

Additionally, the Postal Service’s supporting justification for these products does not allow the Commission to determine if they comply with applicable statutory and regulatory requirements. It does not include any financial information or spreadsheets to allow the Commission, the Public Representative, or other interested parties to determine whether the proposed new product complies with 39 U.S.C. 3633(a), 3642(d)(1), or 39 CFR 3015.7.

For the Shipping and Mailing Supplies product, all that the Postal Service provides is a single number for revenues and a single number for expenses from FY 2008.¹⁴ The source of this data is not identified. Ms. Bornitz just states in her supporting justification that the numbers are “based on data provided to me.” Request, Attachment F, at 2 (redacted version). Without reliable revenues, volumes, and costs filed with supporting documentation, the Public Representative cannot adequately evaluate and test the reasonableness of assumptions and identify potential errors or accurately detect potential violations of 3633(a) or other applicable statutory provisions. The Public Representative submits that the statute contemplates the Commission’s review under 39 U.S.C. 3633(a) to be more than just a simple division exercise. In the past, the Commission has required, and the Postal Service has filed, documents containing this level of supporting detail in competitive rate cases of general

¹⁴ While certain FY 2007 data was provided for ReadyPost in Docket No. MC2008-1, no data was provided for FY 2008 in this case or in the Postal Service’s FY 2008 ACR.

applicability.¹⁵ It is unclear why the Postal Service is not following this past practice here.

For the Greeting Cards, Stationery, and Related Items product, the Postal Service provides even less financial information. The Postal Service does not provide any numerical figures or estimates. While the Public Representative realizes that this is a “new product,” the Postal Service should provide the Commission with its best estimates and provide an explanation as to the limitations of those estimates. This will allow the Commission to determine whether the proposed new product will cause the Postal Service to violate section 3633(a).¹⁶

4. Address Enhancement Services

The Postal Service proposes to add Address Enhancement Services to the Competitive Product List as a postal service. Request, Attachment C. As a general matter, the Public Representative supports the addition of Address Enhancement Services to the Competitive Product List provided that the rate categories are, in fact, competitive services. Address Enhancement Services allow mailers to improve address quality and reduce undeliverable-as-addressed mail. However, there are two problems with the Postal Service’s proposal to add this product to the Competitive Product List.

First, all that the Postal Service provides in support of adding this product to the Competitive Product List is a single revenue number and a single expense number for the direct costs of this service for FY 2008. The Postal Service has not provided any

¹⁵ See, e.g., Docket No. CP2009-23, Chairman's Information Request No. 1, February 11, 2009; accord Docket No. CP2009-8, Notice of the United States Postal Service of Filing of USPS-CP2009-8/NP1, November 18, 2008.

¹⁶ As an alternative method for the Commission to ensure compliance with 3633(a), the Commission could require the Postal Service to provide and incorporate its pricing policy with respect to greeting cards and stationery into the draft Mail Classification Schedule language. See Request, Attachment E, at 2. In its supporting justification, the Postal Service states that its policy “is to price with at least a 50 percent mark-up over the wholesale price.” By including this policy in its Mail Classification Schedule language, the Commission can ensure compliance with section 3633(a) since the product’s individual rate categories will cover their respective costs.

source information for these figures. Request, Attachment C, at 2 (redacted version). Without reliable revenues, volumes, and costs filed with supporting documentation, the Public Representative cannot adequately evaluate and test the reasonableness of assumptions and identify potential errors or accurately detect potential violations of section 3633(a) or other applicable statutory provisions. The Commission must ensure that the data provided is reliable. In the past, the Commission has required, and the Postal Service has filed, documents containing this level of supporting detail in competitive rate cases of general applicability.¹⁷ It is unclear why the Postal Service is not following this past practice with respect to this proposed product.

Second, the Public Representative has concerns with categorizing the rate category entitled “Address Matching System Application Program Interface” (AMS API) as competitive. From the description provided in the Postal Service’s supporting justification, it appears that the AMS API service is a bundling of six market dominant Address Management Services.¹⁸ The Public Representative appreciates that the functions of the bundled AMS API service can be replicated by a competitor since the competitor can simply purchase the six market dominant services from the Postal Service and bundle those services itself. Nonetheless, bundling of market dominant services and repackaging them as a competitive product requires a higher level of scrutiny by the Commission. The Commission needs to ensure that the price of the bundled competitive product is not less than the sum of the prices for each market dominant service in the bundle.¹⁹ Also, if the Commission finds it appropriate to classify AMS API as a competitive service, the Commission should pay close attention to the

¹⁷ See, e.g., Docket No. CP2009-23, Chairman’s Information Request No. 1, February 11, 2009; *accord* Docket No. CP2009-8, Notice of the United States Postal Service of Filing of USPS-CP2009-8/NP1, November 18, 2008.

¹⁸ Specifically, the supporting justification notes that AMS API integrates the following market dominant databases: City State, ZIP+4, Five Digit ZIP, eLOT Service, DPV Service, and LACSLINK Service. Request, Attachment C, at 3.

¹⁹ Otherwise, 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 repackage those services and compete with the Postal Service’s competitive bundled service on price.

accounting costs for AMS API. The accounting system should ensure that the Postal Service's costs for calculating compliance with section 3633(a) should not be less than what a competitor would have to pay for the aggregated market dominant services.

D. Abandoned Products (Stamp Fulfillment Services)

Notwithstanding the fact that the Commission found Stamp Fulfillment Services (SFS) to be a market dominant postal service and ordered the Postal Service to file a proceeding under 39 U.S.C. 3642 to classify the product,²⁰ the Postal Service chose to refrain from filing such a request.

As originally noted in Docket No. MC2008-1, the Postal Service charges \$1 per order for SFS shipments.²¹ The Postal Service claims that its decision to no longer seek classification of SFS services is appropriate because it "has been considering changes to the current SFS charges for quite some time." *Id.* It plans to eliminate the \$1 charge and instead charge customers just for shipping using existing prices. *Id.* at 12.

If this were the full story, the Public Representative would have no concerns with the Postal Service removing SFS from its proposal to add it as a new product to the Market Dominant Product List. It makes sense that if the Postal Service is simply charging ordinary tariff rates for the shipment of its stamp fulfillment orders, no special classification or product designation would be necessary.

However, three of the examples provided in the Postal Service's Request raise concerns. *Id.* at 12-13. First, the Request notes that "for items that do not fit in the flat-rate box, the Postal Service will assume zone 4 for pricing purposes, based on an average shipment to zone 4." *Id.* at 12. By way of example, the Postal Service states that "the charge for two boxes of 500 personalized stamped envelopes (weighing about

²⁰ PRC Order No. 154 at 63-64, 89.

²¹ The Postal Service characterizes this charge as a handling charge, rather than a shipping charge. Request at 11.

12.75 pounds), which are too big to be placed in an existing flat-rate box, would be provided to the customer based on the Priority Mail Commercial Plus postage for 13 pounds sent to Zone 4 (\$15.48).” *Id.* The Request seems to suggest that the \$15.48 rate would be charged regardless of whether the shipment is sent to Zone 1, Zone 4, or Zone 8. This implies that the Postal Service will not be charging tariff rates for certain fulfillment orders and will instead be charging rates different than those listed on the Mail Classification Schedule and approved by the Commission.

Second, the Postal Service suggests that for SFS orders, there would be situations where it would be charging maximum postage for certain high-weight orders. *Id.* A maximum postage is also not contemplated on the Mail Classification Schedule and has not been previously approved by the Commission. Third, the Postal Service states it will charge the postage for a 3-ounce First-Class flat mailpiece for 1-10 books of stamps. *Id.* Clearly, one book of stamps does not weigh 3 ounces and can easily fit in a letter-size envelope; it should not be charged the rate for a flat-size envelope weighing 3 ounces.

These three scenarios imply that there are situations where the Postal Service is altering the ordinary tariff rate postage for SFS orders. If this is the case, the Public Representative believes that 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. The Postal Service should not be allowed to charge customers different rates other than those approved by the Commission.²² Just as the Postal Service is required to obtain Commission approval for all rates of general applicability, not of general applicability, and special classifications, it should be required to obtain approval for these special SFS related rates.

²² The Postal Service may be suggesting that because the Zone 4 rate has been approved by the Commission and is listed on the Mail Classification Schedule, it should be allowed to charge that rate without subsequent Commission approval for SFS packages it sends to Zone 8. Such an interpretation of the statutory and regulatory scheme would be incorrect. Just as it would be inappropriate for the Postal Service to believe that it could begin charging Standard Mail rates to First-Class mailpieces, it would be inappropriate for the Postal Service to charge a rate other than the appropriate Zone 8 Priority Mail rate to a Priority Mail package traveling to Zone 8 without prior, appropriate Commission approval.

However, if the Postal Service charges actual postage (\$31.41 for a Priority Mail Commercial Plus 13 pound box sent to Zone 8 in the Postal Service's example of two boxes of 500 personalized stamped envelopes), the Public Representative would have no qualms with the Postal Service's decision to remove SFS from its proposal to add new postal services to the Market Dominant Product List.²³

III. CONCLUSION

The Public Representative respectfully submits the foregoing comments for the Commission's consideration. For those items identified above as problematic or areas of concern, the Public Representative respectfully requests that the Commission institute further proceedings on this matter in accordance with 39 CFR 3020.34(b).

Respectfully Submitted,

/s/ Robert Sidman

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²³ The Postal Service notes that it "plans to eliminate" the \$1 fee, but to date, the fee remains. Request at 12. The Postal Service has also not provided a date for discontinuation of that fee. It should be noted that 3642(e) bars the Postal Service from offering services to the public until a proceeding is completed which classifies those services as either market dominant, competitive, or experimental and places those products on the Mail Classification Schedule. See 39 CFR § 3020 subpart B; 39 U.S.C. 3642(e).