

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

CLASSIFICATION CHANGES TO CLARIFY
EXPRESS MAIL SECOND DAY SERVICE

Docket No. MC2006-4

NOTICE OF THE UNITED STATES POSTAL SERVICE
OF DECISION OF THE GOVERNORS
(July 12, 2006)

The United States Postal Service hereby provides notice of the attached

Decision of the Governors:

Decision of the Governors of the United States Postal Service
on the Opinion and Recommended Decision of the Postal Rate
Commission On Classification Changes For Express Mail Second
Day Service, Docket No. MC2006-4.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Brian M. Reimer
Keith E. Weidner

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2993; Fax -5402
July 12, 2006

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE
ON THE OPINION AND RECOMMENDED DECISION OF THE POSTAL RATE
COMMISSION ON CLASSIFICATION CHANGES FOR EXPRESS MAIL SECOND
DAY SERVICE, DOCKET NO. MC2006-4**

June 30, 2006

STATEMENT OF EXPLANATION AND JUSTIFICATION

On June 21, 2006, the Postal Rate Commission issued an Opinion and Recommended Decision in Docket No. MC2006-4, Classification Changes for Express Mail Second Day Service. The Commission recommended new classification language to clarify that, in certain limited circumstances, Express Mail that ordinarily would be guaranteed for delivery in two days might, instead, be guaranteed for delivery on the "Second Delivery Day." This situation generally occurs when the second day is a Sunday or Holiday and the destination post office does not deliver Express Mail on Sundays and Holidays.¹

As will be explained below, the classification language recommended by the Commission was suggested by the Postal Service, PRC Op. MC2006-4, at 8-9, and is intended to remove an inconsistency in different sections of the Domestic Mail Classification Schedule (DMCS) regarding Express Mail. It does not represent any change in postal policy or practice.

We find, based upon our independent review of the administrative record, that the Commission's recommended decision is reasonable and supported by substantial record evidence, and we approve its recommendation.

¹ Today, approximately 14 thousand zip codes, representing about 74 percent of Express Mail recipients, deliver Express Mail on Sundays and Holidays.

BACKGROUND AND SUMMARY

The Commission initiated this case as the result of a complaint (Docket No. C2005-1) filed by an individual mailer, who challenged Express Mail service in the aftermath of the 2001 FedEx transportation agreement. The FedEx network replaced the "Eagle Network" for air transportation of Express Mail, which the Postal Service had run with dedicated aircraft. Because the FedEx network does not run overnight planes on Saturday night, however, the only way for most Express Mail items to arrive on a Sunday is if alternative transportation can bring them to their destinations.

In addressing the complaint, the Commission, *inter alia*, rejected an allegation that the Postal Service had provided misleading or inaccurate information as to the availability of Sunday and Holiday delivery. PRC Order 1461 (April 18, 2006) at 19. The Commission concluded, however, that language in the DMCS should be amended to state more clearly the service expectations for Express Mail. *Id.* at 17-19.

Currently, section 123.1 of the DMCS, which describes both Next Day and Second Day Service for Express Mail, contains no reference to a second "delivery" day:

Availability of Services. Next Day and Second Day Services are available at designated retail postal facilities to designated destination facilities or locations for items tendered by the time or times specified by the Postal Service. Next Day Service is available for overnight delivery. Second Day Service is available for second day delivery [emphasis added].

Section 182.4 of the DMCS, however, specifically refers to Express Mail delivery attempts being made on the second delivery day:

182.4 Second Day. Except as provided in 182.5, the Postal Service will refund postage for Second Day Express Mail not available for claim or not delivered:

- a. By 10:00 a.m., or earlier time(s) specified by the Postal Service, of the second delivery day in the case of Post Office-to-Post Office service [emphasis added];
- b. By 3:00 p.m., or earlier time(s) specified by the Postal Service, of the second delivery day in the case of Post Office-to-Addressee service [emphasis added].

Thus, the Commission opened the instant classification proceeding (Docket No. MC2006-4), PRC Order No. 1462 (April 18, 2006), in an attempt to make these DMCS sections consistent with each other. The Commission proposed changing the last sentence of § 123.1 to read that "Second Day Service [for Express Mail] is available for delivery on the second delivery day as specified by the Postal Service." Order No. 1462 at 3.

In response to the Commission's expressed concerns, and to comments by other participants asserting that the term "second delivery day" was confusing,² the Postal Service proposed that the language of DMCS § 123.1 state that "Second Day Service is available for delivery on the second day or, in certain circumstances, the second delivery day, as specified by the Postal Service. For purposes of this schedule, the 'second delivery day' is the next delivery day following the second day."

In its Opinion and Recommended Decision, the Commission adopted the Postal Service's proposed language, finding that it "better clarif[ies] the inconsistent DMCS language than the language originally proposed by the Commission" and that it "alleviate[s] many of the concerns expressed by the participants." PRC Op., MC2004-6, at 9.

EVALUATION

The language recommended by the Commission satisfies the purposes of this proceeding in a simple, straightforward manner. It eliminates an inconsistency found in the DMCS. It more accurately expresses the current postal policies and procedures for providing guarantees for Express Mail. Accordingly, we adopt the revision to the DMCS recommended by the Commission.

² In addition to the Postal Service, three other participants submitted comments to the Commission -- the Office of the Consumer Advocate, David B. Popkin, and Douglas F. Carlson. The American Postal Workers Union, AFL-CIO, intervened in this proceeding, but did not submit any comments.

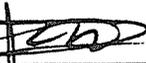
ESTIMATE OF ANTICIPATED REVENUE

The Postal Reorganization Act requires that our Decision include an estimate of anticipated impact on postal revenues (39 U.S.C. § 3625(e)). Because this classification change is intended to state the current policies and practices of the Postal Service regarding Express Mail guarantees, and not to change any of those policy or practices, there is no anticipated effect on postal revenues.

ORDER

In accordance with the foregoing Decision of the Governors, the change in classifications set forth in the Attachment is hereby approved and ordered into effect. In accordance with Resolution 06-6 of the Board of Governors dated June 30, 2006; the change will take effect at 12:01 a.m. on July 1, 2006.

By The Governors:



James C. Miller III, Chairman

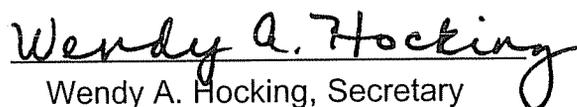
**RESOLUTION OF THE BOARD OF GOVERNORS
OF THE
UNITED STATES POSTAL SERVICE
Resolution No. 06-6**

Effective Date of New Classification

RESOLVED:

Pursuant to Section 3625(f) of Title 39, United States Code, the Board of Governors determines that the classification schedule changes that were ordered to be placed into effect by the Decision of the Governors on the Opinion and Recommended Decision of the Postal Rate Commission on Classification Changes for Express Mail Second Day Service, Docket No. MC2006-4, shall become effective at 12:01 a.m. on July 1, 2006.

The foregoing Resolution was adopted by the Board of Governors on June 30, 2006.


Wendy A. Hocking, Secretary

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Brian M. Reimer

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3037, FAX: -5402
July 12, 2006