



## **POSTAL SERVICE**

### **39 CFR Part 111**

#### **Revised Postage and Fee Refund Criteria**

**AGENCY:** Postal Service™.

**ACTION:** Final rule.

**SUMMARY:** The Postal Service™ will revise *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM®) section 604.9 to update the hourly charges and related postage threshold used in assessing certain types of postage refunds and to provide the allowable time periods for requesting refunds for extra service fees.

**DATES:** *Effective date:* July 28, 2014.

**FOR FURTHER INFORMATION CONTACT:** Douglas Germer, Revenue/Field Accounting, [douglas.g.germer@usps.gov](mailto:douglas.g.germer@usps.gov), 202-268-8522; Karen Key, Director, Shipping Products and Services, [karen.f.key@usps.gov](mailto:karen.f.key@usps.gov), 202-268-7492; or Suzanne Newman, Product Classification, [suzanne.j.newman@usps.gov](mailto:suzanne.j.newman@usps.gov), 202-268-5581.

#### **SUPPLEMENTARY INFORMATION:**

##### **I. Revised Proposal**

On January 3, 2014, the Postal Service published a revised notice of proposed rulemaking (79 FR 375-6) to align with current costs the assessments for processing postage refunds that have been in effect since 2003. The Postal Service proposed to update the hourly factor used in refund assessments from \$35.00 an hour to \$50.00 an hour. Additionally, the threshold for assessing

postage refunds at the hourly factor would be updated from postage amounts exceeding \$350.00 to postage amounts exceeding \$500.00. The current 10% assessment used below the threshold would remain unchanged.

The Postal Service also proposed to add language to the DMM to provide customers with information on refund time periods for extra service fees to align with the revised claims filing periods (made effective January 26, 2014) to promote timely adjudication. The Postal Service proposed including instructions in the DMM that refund requests for Registered Mail<sup>™</sup>, Certified Mail<sup>®</sup>, Signature Confirmation<sup>™</sup>, USPS Tracking<sup>™</sup>, Adult Signature services, and insurance fees must be made by the mailer no sooner than 10 days, or more than 60 days, from the date the service was purchased.

Additionally, if these proposed changes were adopted, PS Form 3533, *Application for Refund of Fees, Products and Withdrawal of Customer Accounts*, would be revised to reflect the changes. The proposed rule included a 30-day comment period. After a review of the comments and further analysis, the Postal Service is adopting this final rule as originally proposed with the exception of the proposed change regarding the refund of insurance fees, which has been removed.

## **II. Comments and Responses**

The Postal Service received two formal responses to the revised proposed rule of January 3, 2014, one from a mailer and from a PC Postage provider.

The mailer requested that the Postal Service not eliminate the 10% assessment for postage refunds. The 10% will not change, but the threshold at which the 10% assessment changes to an hourly rate, and the hourly rate itself, will both be increased.

The comment from the PC Postage provider referenced certain refund and appeal assessments which were outside the scope of this rulemaking. The PC Postage provider expressed opposition to the current standards that provide for hourly charges when validating refunds to higher volume (postage refunds for) postage meter users. This commenter stated that these are not the same standards used for PC Postage appeals (when the end-users is denied a postage refund by the PC Postage provider). The commenter continued that processes used to validate refunds from PC Postage appeals should be equivalent to that used for postage meter refunds. This commenter also suggested that the Postal Service relax or eliminate assessments for processing postage refunds and appeals when customers make mistakes in printing postage indicia (and the Postal Service is not at fault). Although these comments fall outside of the scope of this rulemaking, the Postal Service provides the following clarifications:

- The refund assessment amounts in this proposed rule would not revise the current standards for providing PC postage refunds or appeals to adverse rulings by a PC Postage provider. The Postal Service does not make any assessment for postage refunds submitted electronically by PC Postage end-users to their provider within the established filing period(s).

This includes postage refunds for unused, dated PC Postage indicia with a package identification code (PIC) made within 30-days from the date of printing and for unused, undated PC Postage without a PIC when made within 60 days from the date of printing.

- The Postal Service expanded the refund period (under DMM 604.9) for items with a package identification code from 10 days to 30 days in a final rule, published June 26, 2013, and effective July 28 (78 FR 38203-19), This effort served to provide customers additional time to reconcile their shipping records and to help reduce the amount of requests for appeals being received beyond the current 10 day refund filing period.
- Based on current records, approximately 75% of PC Postage appeals are submitted to USPS® outside of the established criteria. As a reminder, only the PC Postage *end-user* should submit their appeal to *an adverse provider ruling* on their refund request, made within *the 30-day period* for items associated to a package identification code, and *60-day period* for items not associated to a package identification code. Further, postage refund requests made by the end-user during the established periods are submitted to the provider and not appeals subject to assessment by the Postal Service.
- .Records also indicate that on average, only 25% of all appeals received can be granted as such and are assessed a charge. Further, less than 1% of those granted appeals would exceed the new threshold to be charged at the hourly assessment, as suggested by the provider.

- Finally, ordinary unused metered indicia postage refunds are not processed by the Postal Service in the same manner as PC Postage appeals. Year-to-date FY 2014 PC Postage refund appeal records indicate that, unlike most metered indicia refunds for envelopes not associated to a package identification code, more than 94% of the PC Postage refund appeals are for items bearing package identification codes. This requires that each label (sometimes numbering in the hundreds per refund request) to be manually researched using USPS® data archives to confirm that the postage was unused. In some cases, electronic scan data also exists for the associated package identification code, creating extenuating circumstances and making these refund determinations complex.
- The refund assessment process described in the proposed rule would not alter the current standards that provide for a 100% refund in instances where a service failure is evident or when USPS® is at fault.

### **III. Features of the Final Rule**

The Postal Service will align the current assessments for processing postage refunds, in effect since 2003, with current costs as follows:

- The hourly factor used in various refund assessments will increase from \$35.00 an hour to \$50.00 an hour.
- The threshold for assessing postage refunds at the hourly factor will be updated from postage amounts exceeding \$350.00 to postage amounts

exceeding \$500.00. The current 10% assessment below the threshold would remain unchanged.

- The Postal Service is adding standards to the DMM to provide customers with information on allowable refund periods for extra service fees that align with the revised claims filing periods (made effective January 26, 2014) to promote timely adjudication. Therefore, full refund requests for extra service fees, provided under the allowable standards for Registered Mail™, Certified Mail®, Signature Confirmation™, USPS Tracking™, Adult Signature, must be made by the mailer no sooner than 10 days, or more than 60 days, from the date the service was purchased.
- Additionally, PS Form 3533, *Application for Refund of Fees, Products and Withdrawal of Customer Accounts*, will be revised to reflect the changes.

#### **List of Subjects in 39 CFR Part 111**

Administrative practice and procedure, Postal Service.

For the reasons stated in the preamble, 39 CFR part 111 is amended as follows:

#### **PART 111--[AMENDED]**

1. The authority citation for 39 CFR part 111 continues to read as follows:

**Authority:** 5 U.S.C. 552(a); 13 U.S.C. 301-307; 18 U.S.C. 1692-1737; 39 U.S.C. 101, 401, 403, 404, 414, 416, 3001-3011, 3201-3219, 3403-3406, 3621, 3622, 3626, 3632, 3633, and 5001.

2. Revise the following sections of *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM), as follows:

***Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM)***

\* \* \* \* \*

**600 Basic Standards for All Mailing Services**

\* \* \* \* \*

**604 Postage Payment Methods**

\* \* \* \* \*

**9.0 Exchanges and Refunds**

\* \* \* \* \*

**9.2 Postage and Fee Refunds**

\* \* \* \* \*

**9.2.3 Full Refund**

A full refund (100%) may be made when:

\* \* \* \* \*

*[Revise 9.2.3e to read as follows:]*

e. Fees are paid for special handling, Certified Mail, USPS Tracking, Adult Signature, or Signature Confirmation, and the article fails to receive the extra service for which the fee is paid.

\* \* \* \* \*

**9.2.4 Postage Refunds Not Available**

Refunds are not made for the following:

\* \* \* \* \*

*[Revise the text of 9.2.4b to read as follows:]*

- b. Collect on delivery (COD), Priority Mail Express insurance, insured mail, and Registered Mail fees, after the USPS accepts the article (even if the article is later withdrawn from the mail).

*[Add new item 9.2.4h to read as follows:]*

- h. For fees paid for extra services, as allowed under 9.2.3, when refund request is made by the mailer less than 10 days, or more than 60 days, from the date the service was purchased, unless otherwise authorized by the manager, Revenue Field Accounting (see 608.8 for address).

\* \* \* \* \*

## **9.2.6 Postage Affixed to Business Reply Mail**

*[Revise the seventh sentence of 9.2.6 to read as follows:]*

\*\*\*A charge of \$50.00 per hour, or fraction thereof, is assessed for the workhours used to process the credit or refund. \*\*\*

\* \* \* \* \*

## **9.3.2 General Standards for Metered Indicia Refunds**

\* \* \*For both types of unused metered indicia, submit refund requests as follows:

\* \* \* \* \*

- b. \* \* \* Charges for processing a refund request for unused, dated meter indicia are as follows, depending on the total face value of the indicia:

*[Revise 9.3.2b1 and 9.3.2b2 to read as follows:]*



1. When the total face value of the indicia is \$500.00 or less, the amount refunded is 90% of the face value. USPS may process the refund payment via a no-fee postal money order.

2. When the total face value of the indicia is more than \$500.00, the amount refunded is the total face value reduced by \$50.00 per hour for the USPS time to process the refund, with a minimum charge of \$50.00. The charge is \$50.00 for each hour spent, with the last fraction of an hour treated as a full hour. Payment processing for refunds of \$500.01 or more is through the Accounting Service Center.

\* \* \* \* \*

#### **9.3.4 Unused, Undated Meter Indicia**

*[Revise the introductory sentence of 9.3.4 to read as follows:]*

Authorized users, or the commercial entity that prepared the mailing for the authorized user, must submit refund requests for undated, unused meter indicia under 9.3.1 and 9.3.2 as follows:

\* \* \* \* \*

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