

***In the Senate of the United States,***

*February 9, 2006.*

*Resolved*, That the bill from the House of Representatives (H.R. 22) entitled “An Act to reform the postal laws of the United States.”, do pass with the following

**AMENDMENT:**

Strike out all after the enacting clause and insert:

1 ***SECTION 1. SHORT TITLE; TABLE OF CONTENTS.***

2       (a) *SHORT TITLE.*—*This Act may be cited as the*

3 *“Postal Accountability and Enhancement Act”.*

1           (b) *TABLE OF CONTENTS.—The table of contents for*  
 2 *this Act is as follows:*

*Sec. 1. Short title; table of contents.*

*TITLE I—DEFINITIONS; POSTAL SERVICES*

*Sec. 101. Definitions.*

*Sec. 102. Postal Services.*

*TITLE II—MODERN RATE REGULATION*

*Sec. 201. Provisions relating to market-dominant products.*

*Sec. 202. Provisions relating to competitive products.*

*Sec. 203. Provisions relating to experimental and new products.*

*Sec. 204. Reporting requirements and related provisions.*

*Sec. 205. Complaints; appellate review and enforcement.*

*Sec. 206. Clerical amendment.*

*TITLE III—MODERN SERVICE STANDARDS*

*Sec. 301. Establishment of modern service standards.*

*Sec. 302. Postal service plan.*

*TITLE IV—PROVISIONS RELATING TO FAIR COMPETITION*

*Sec. 401. Postal Service Competitive Products Fund.*

*Sec. 402. Assumed Federal income tax on competitive products income.*

*Sec. 403. Unfair competition prohibited.*

*Sec. 404. Suits by and against the Postal Service.*

*Sec. 405. International postal arrangements.*

*TITLE V—GENERAL PROVISIONS*

*Sec. 501. Qualification and term requirements for Governors.*

*Sec. 502. Obligations.*

*Sec. 503. Private carriage of letters.*

*Sec. 504. Rulemaking authority.*

*Sec. 505. Noninterference with collective bargaining agreements.*

*Sec. 506. Bonus authority.*

*TITLE VI—ENHANCED REGULATORY COMMISSION*

*Sec. 601. Reorganization and modification of certain provisions relating to the  
 Postal Regulatory Commission.*

*Sec. 602. Authority for Postal Regulatory Commission to issue subpoenas.*

*Sec. 603. Authorization of appropriations from the Postal Service Fund.*

*Sec. 604. Redesignation of the Postal Rate Commission.*

*Sec. 605. Financial transparency.*

*TITLE VII—EVALUATIONS*

*Sec. 701. Assessments of ratemaking, classification, and other provisions.*

*Sec. 702. Report on universal postal service and the postal monopoly.*

*Sec. 703. Study on equal application of laws to competitive products.*

*Sec. 704. Report on postal workplace safety and workplace-related injuries.*

*Sec. 705. Study on recycled paper.*

*TITLE VIII—POSTAL SERVICE RETIREMENT AND HEALTH  
BENEFITS FUNDING*

- Sec. 801. Short title.*  
*Sec. 802. Civil Service Retirement System.*  
*Sec. 803. Health insurance.*  
*Sec. 804. Repeal of disposition of savings provision.*  
*Sec. 805. Effective dates.*

*TITLE IX—COMPENSATION FOR WORK INJURIES*

- Sec. 901. Temporary disability; continuation of pay.*  
*Sec. 902. Disability retirement for postal employees.*

*TITLE X—MISCELLANEOUS*

- Sec. 1001. Employment of postal police officers.*  
*Sec. 1002. Obsolete provisions.*  
*Sec. 1003. Reduced rates.*  
*Sec. 1004. Sense of Congress regarding Postal Service purchasing reform.*  
*Sec. 1005. Contracts for transportation of mail by air.*

1     ***TITLE I—DEFINITIONS; POSTAL***  
2                                     ***SERVICES***

3     ***SEC. 101. DEFINITIONS.***

4             *Section 102 of title 39, United States Code, is amended*  
5 *by striking “and” at the end of paragraph (3), by striking*  
6 *the period at the end of paragraph (4) and inserting a semi-*  
7 *colon, and by adding at the end the following:*

8                     *“(5) ‘postal service’ refers to the physical deliv-*  
9                     *ery of letters, printed matter, or packages weighing*  
10                    *up to 70 pounds, including physical acceptance, col-*  
11                    *lection, sorting, transportation, or other functions an-*  
12                    *cillary thereto;*

13                    *“(6) ‘product’ means a postal service with a dis-*  
14                    *tinct cost or market characteristic for which a rate or*  
15                    *rates are applied;*

1           “(7) ‘rates’, as used with respect to products, in-  
2           cludes fees for postal services;

3           “(8) ‘market-dominant product’ or ‘product in  
4           the market-dominant category of mail’ means a prod-  
5           uct subject to subchapter I of chapter 36; and

6           “(9) ‘competitive product’ or ‘product in the  
7           competitive category of mail’ means a product subject  
8           to subchapter II of chapter 36; and

9           “(10) ‘year’, as used in chapter 36 (other than  
10          subchapters I and VI thereof), means a fiscal year.”.

11 **SEC. 102. POSTAL SERVICES.**

12          (a) *IN GENERAL.*—Section 404 of title 39, United  
13          States Code, is amended—

14                 (1) in subsection (a), by striking paragraph (6)  
15                 and by redesignating paragraphs (7) through (9) as  
16                 paragraphs (6) through (8), respectively; and

17                 (2) by adding at the end the following:

18                 “(c) Except as provided in section 411, nothing in this  
19                 title shall be considered to permit or require that the Postal  
20                 Service provide any special nonpostal or similar services.”.

21          (b) *CONFORMING AMENDMENTS.*—(1) Section  
22          1402(b)(1)(B)(ii) of the Victims of Crime Act of 1984 (98  
23          Stat. 2170; 42 U.S.C. 10601(b)(1)(B)(ii)) is amended by  
24          striking “404(a)(8)” and inserting “404(a)(7)”.

1           (2) *Section 2003(b)(1) of title 39, United States Code,*  
2 *is amended by striking “and nonpostal”.*

3                           **TITLE II—MODERN RATE**  
4                           **REGULATION**

5 **SEC. 201. PROVISIONS RELATING TO MARKET-DOMINANT**  
6                           **PRODUCTS.**

7           (a) *IN GENERAL.*—Chapter 36 of title 39, United  
8 *States Code, is amended by striking sections 3621 and 3622*  
9 *and inserting the following:*

10 **“§ 3621. Applicability; definitions**

11           “(a) *APPLICABILITY.*—This subchapter shall apply  
12 *with respect to—*

13                       “(1) *first-class mail letters and sealed parcels;*

14                       “(2) *first-class mail cards;*

15                       “(3) *periodicals;*

16                       “(4) *standard mail;*

17                       “(5) *single-piece parcel post;*

18                       “(6) *media mail;*

19                       “(7) *bound printed matter;*

20                       “(8) *library mail;*

21                       “(9) *special services; and*

22                       “(10) *single-piece international mail,*

23 *subject to any changes the Postal Regulatory Commission*  
24 *may make under section 3642.*

1       “(b) *RULE OF CONSTRUCTION.*—Mail matter referred  
2 to in subsection (a) shall, for purposes of this subchapter,  
3 be considered to have the meaning given to such mail matter  
4 under the mail classification schedule.

5       “§ 3622. *Modern rate regulation*

6       “(a) *AUTHORITY GENERALLY.*—The Postal Regulatory  
7 Commission shall, within 12 months after the date of enact-  
8 ment of this section, by regulation establish (and may from  
9 time to time thereafter by regulation revise) a modern sys-  
10 tem for regulating rates and classes for market-dominant  
11 products.

12       “(b) *OBJECTIVES.*—Such system shall be designed to  
13 achieve the following objectives, each of which shall be ap-  
14 plied in conjunction with the others:

15               “(1) *To reduce the administrative burden and*  
16               *increase the transparency of the ratemaking process*  
17               *while affording reasonable opportunities for interested*  
18               *parties to participate in that process.*

19               “(2) *To create predictability and stability in*  
20               *rates.*

21               “(3) *To maximize incentives to reduce costs and*  
22               *increase efficiency.*

23               “(4) *To enhance mail security and deter ter-*  
24               *rorism by promoting secure, sender-identified mail.*

1           “(5) *To allow the Postal Service pricing flexi-*  
2           *bility, including the ability to use pricing to promote*  
3           *intelligent mail and encourage increased mail volume*  
4           *during nonpeak periods.*

5           “(6) *To assure adequate revenues, including re-*  
6           *tained earnings, to maintain financial stability and*  
7           *meet the service standards established under section*  
8           *3691.*

9           “(7) *To allocate the total institutional costs of*  
10          *the Postal Service equitably between market-dominant*  
11          *and competitive products.*

12          “(8) *To establish and maintain a just and rea-*  
13          *sonable schedule for rates and classifications, however*  
14          *the objective under this paragraph shall not be con-*  
15          *strued to prohibit the Postal Service from making*  
16          *changes of unequal magnitude within, between, or*  
17          *among classes of mail.*

18          “(c) *FACTORS.—In establishing or revising such sys-*  
19          *tem, the Postal Regulatory Commission shall take into*  
20          *account—*

21                 “(1) *the value of the mail service actually pro-*  
22                 *vided each class or type of mail service to both the*  
23                 *sender and the recipient, including but not limited to*  
24                 *the collection, mode of transportation, and priority of*  
25                 *delivery;*

1           “(2) the requirement that each class of mail or  
2           type of mail service bear the direct and indirect post-  
3           al costs attributable to each class or type of mail serv-  
4           ice through reliably identified causal relationships  
5           plus that portion of all other costs of the Postal Serv-  
6           ice reasonably assignable to such class or type;

7           “(3) the effect of rate increases upon the general  
8           public, business mail users, and enterprises in the  
9           private sector of the economy engaged in the delivery  
10          of mail matter other than letters;

11          “(4) the available alternative means of sending  
12          and receiving letters and other mail matter at reason-  
13          able costs;

14          “(5) the degree of preparation of mail for deliv-  
15          ery into the postal system performed by the mailer  
16          and its effect upon reducing costs to the Postal Serv-  
17          ice;

18          “(6) simplicity of structure for the entire sched-  
19          ule and simple, identifiable relationships between the  
20          rates or fees charged the various classes of mail for  
21          postal services;

22          “(7) the importance of pricing flexibility to en-  
23          courage increased mail volume and operational effi-  
24          ciency;



1           “(8) *the relative value to the people of the kinds*  
2 *of mail matter entered into the postal system and the*  
3 *desirability and justification for special classifica-*  
4 *tions and services of mail;*

5           “(9) *the importance of providing classifications*  
6 *with extremely high degrees of reliability and speed of*  
7 *delivery and of providing those that do not require*  
8 *high degrees of reliability and speed of delivery;*

9           “(10) *the desirability of special classifications*  
10 *from the point of view of both the user and of the*  
11 *Postal Service;*

12           “(11) *the educational, cultural, scientific, and*  
13 *informational value to the recipient of mail matter;*

14           “(12) *the need for the Postal Service to increase*  
15 *its efficiency and reduce its costs, including infra-*  
16 *structure costs, to help maintain high quality, afford-*  
17 *able, universal postal service; and*

18           “(13) *the policies of this title as well as such*  
19 *other factors as the Commission determines appro-*  
20 *priate.*

21           “(d) *REQUIREMENTS.—*

22           “(1) *IN GENERAL.—The system for regulating*  
23 *rates and classes for market-dominant products*  
24 *shall—*

1           “(A) include an annual limitation on the  
2           percentage changes in rates to be set by the Post-  
3           al Regulatory Commission that will be equal to  
4           the change in the Consumer Price Index for All  
5           Urban Consumers unadjusted for seasonal vari-  
6           ation over the most recent available 12-month  
7           period preceding the date the Postal Service files  
8           notice of its intention to increase rates;

9           “(B) establish a schedule whereby rates,  
10          when necessary and appropriate, would change  
11          at regular intervals by predictable amounts;

12          “(C) not later than 45 days before the im-  
13          plementation of any adjustment in rates under  
14          this section—

15                 “(i) require the Postal Service to pro-  
16                 vide public notice of the adjustment;

17                 “(ii) provide an opportunity for review  
18                 by the Postal Regulatory Commission;

19                 “(iii) provide for the Postal Regulatory  
20                 Commission to notify the Postal Service of  
21                 any noncompliance of the adjustment with  
22                 the limitation under subparagraph (A); and

23                 “(iv) require the Postal Service to re-  
24                 spond to the notice provided under clause  
25                 (iii) and describe the actions to be taken to

1           *comply with the limitation under subpara-*  
2           *graph (A);*

3           *“(D) establish procedures whereby the Post-*  
4           *al Service may adjust rates not in excess of the*  
5           *annual limitations under subparagraph (A); and*

6           *“(E) notwithstanding any limitation set*  
7           *under subparagraphs (A) and (C), establish pro-*  
8           *cedures whereby rates may be adjusted on an ex-*  
9           *pedited basis due to unexpected and extraor-*  
10          *dinary circumstances.*

11          *“(2) LIMITATIONS.—*

12           *“(A) CLASSES OF MAIL.—Except as pro-*  
13           *vided under subparagraph (C), the annual limi-*  
14           *tations under paragraph (1)(A) shall apply to a*  
15           *class of mail, as defined in the Domestic Mail*  
16           *Classification Schedule as in effect on the date of*  
17           *enactment of the Postal Accountability and En-*  
18           *hancement Act.*

19           *“(B) ROUNDING OF RATES AND FEES.—*  
20           *Nothing in this subsection shall preclude the*  
21           *Postal Service from rounding rates and fees to*  
22           *the nearest whole integer, if the effect of such*  
23           *rounding does not cause the overall rate increase*  
24           *for any class to exceed the Consumer Price Index*  
25           *for All Urban Consumers.*

1                   “(C) *USE OF UNUSED RATE AUTHORITY.*—

2                   “(i) *DEFINITION.*—*In this subpara-*  
3 *graph, the term ‘unused rate adjustment au-*  
4 *thority’ means the difference between—*

5                   “(I) *the maximum amount of a*  
6 *rate adjustment that the Postal Service*  
7 *is authorized to make in any year sub-*  
8 *ject to the annual limitation under*  
9 *paragraph (1); and*

10                  “(II) *the amount of the rate ad-*  
11 *justment the Postal Service actually*  
12 *makes in that year.*

13                  “(ii) *AUTHORITY.*—*Subject to clause*  
14 *(iii), the Postal Service may use any un-*  
15 *used rate adjustment authority for any of*  
16 *the 5 years following the year such author-*  
17 *ity occurred.*

18                  “(iii) *LIMITATIONS.*—*In exercising the*  
19 *authority under clause (ii) in any year, the*  
20 *Postal Service—*

21                  “(I) *may use unused rate adjust-*  
22 *ment authority from more than 1 year;*

23                  “(II) *may use any part of the un-*  
24 *used rate adjustment authority from*  
25 *any year;*

1                   “(III) shall use the unused rate  
2                   adjustment authority from the earliest  
3                   year such authority first occurred and  
4                   then each following year; and

5                   “(IV) for any class or service,  
6                   may not exceed the annual limitation  
7                   under paragraph (1) by more than 2  
8                   percentage points.

9                   “(e) *WORKSHARE DISCOUNTS.*—

10                   “(1) *DEFINITION.*—In this subsection, the term  
11                   ‘workshare discount’ refers to rate discounts provided  
12                   to mailers for the presorting, prebarcoding, handling,  
13                   or transportation of mail, as further defined by the  
14                   Postal Regulatory Commission under subsection (a).

15                   “(2) *REGULATIONS.*—As part of the regulations  
16                   established under subsection (a), the Postal Regu-  
17                   latory Commission shall establish rules for workshare  
18                   discounts that ensure that such discounts do not ex-  
19                   ceed the cost that the Postal Service avoids as a result  
20                   of workshare activity, unless—

21                   “(A) the discount is—

22                   “(i) associated with a new postal serv-  
23                   ice, a change to an existing postal service,  
24                   or with a new workshare initiative related  
25                   to an existing postal service; and

1           “(ii) necessary to induce mailer behav-  
2           ior that furthers the economically efficient  
3           operation of the Postal Service and the por-  
4           tion of the discount in excess of the cost that  
5           the Postal Service avoids as a result of the  
6           workshare activity will be phased out over  
7           a limited period of time;

8           “(B) a reduction in the discount would—

9           “(i) lead to a loss of volume in the af-  
10          fected category or subclass of mail and re-  
11          duce the aggregate contribution to the insti-  
12          tutional costs of the Postal Service from the  
13          category or subclass subject to the discount  
14          below what it otherwise would have been if  
15          the discount had not been reduced to costs  
16          avoided;

17          “(ii) result in a further increase in the  
18          rates paid by mailers not able to take ad-  
19          vantage of the discount; or

20          “(iii) impede the efficient operation of  
21          the Postal Service;

22          “(C) the amount of the discount above costs  
23          avoided—

24          “(i) is necessary to mitigate rate shock;  
25          and

1                   “(ii) will be phased out over time; or

2                   “(D) the discount is provided in connection  
3                   with subclasses of mail consisting exclusively of  
4                   mail matter of educational, cultural, scientific,  
5                   or informational value.

6                   “(3) *REPORT.*—Whenever the Postal Service es-  
7                   tablishes or maintains a workshare discount, the Post-  
8                   al Service shall, at the time it publishes the workshare  
9                   discount rate, submit to the Postal Regulatory Com-  
10                  mission a detailed report that—

11                  “(A) explains the Postal Service’s reasons  
12                  for establishing or maintaining the rate;

13                  “(B) sets forth the data, economic analyses,  
14                  and other information relied on by the Postal  
15                  Service to justify the rate; and

16                  “(C) certifies that the discount will not ad-  
17                  versely affect rates or services provided to users  
18                  of postal services who do not take advantage of  
19                  the discount rate.

20                  “(f) *TRANSITION RULE.*—For the 1-year period begin-  
21                  ning on the date of enactment of this section, rates and  
22                  classes for market-dominant products shall remain subject  
23                  to modification in accordance with the provisions of this  
24                  chapter and section 407, as such provisions were last in  
25                  effect before the date of enactment of this section. Pro-

1 *ceedings initiated to consider a request for a recommended*  
 2 *decision filed by the Postal Service during that 1-year pe-*  
 3 *riod shall be completed in accordance with subchapter II*  
 4 *of chapter 36 of this title and implementing regulations,*  
 5 *as in effect before the date of enactment of this section.”.*

6 (b) *REPEALED SECTIONS.*—*Sections 3623, 3624, 3625,*  
 7 *and 3628 of title 39, United States Code, are repealed.*

8 (c) *REDESIGNATION.*—*Chapter 36 of title 39, United*  
 9 *States Code (as in effect after the amendment made by sec-*  
 10 *tion 601, but before the amendment made by section 202)*  
 11 *is amended by striking the heading for subchapter II and*  
 12 *inserting the following:*

13 “*SUBCHAPTER I—PROVISIONS RELATING TO*  
 14 *MARKET-DOMINANT PRODUCTS”.*

15 ***SEC. 202. PROVISIONS RELATING TO COMPETITIVE PROD-***  
 16 ***UCTS.***

17 *Chapter 36 of title 39, United States Code, is amended*  
 18 *by inserting after section 3629 the following:*

19 “*SUBCHAPTER II—PROVISIONS RELATING TO*  
 20 *COMPETITIVE PRODUCTS*

21 ***“§ 3631. Applicability; definitions and updates***

22 “(a) *APPLICABILITY.*—*This subchapter shall apply*  
 23 *with respect to—*

24 “(1) *priority mail;*

25 “(2) *expedited mail;*



1           “(3) bulk parcel post;

2           “(4) bulk international mail; and

3           “(5) mailgrams;

4 *subject to subsection (d) and any changes the Postal Regu-*  
5 *latory Commission may make under section 3642.*

6           “(b) *DEFINITION.*—*For purposes of this subchapter,*  
7 *the term ‘costs attributable’, as used with respect to a prod-*  
8 *uct, means the direct and indirect postal costs attributable*  
9 *to such product through reliably identified causal relation-*  
10 *ships.*

11          “(c) *RULE OF CONSTRUCTION.*—*Mail matter referred*  
12 *to in subsection (a) shall, for purposes of this subchapter,*  
13 *be considered to have the meaning given to such mail matter*  
14 *under the mail classification schedule.*

15          “(d) *LIMITATION.*—*Notwithstanding any other provi-*  
16 *sion of this section, nothing in this subchapter shall be con-*  
17 *sidered to apply with respect to any product then currently*  
18 *in the market-dominant category of mail.*

19 **“§ 3632. Action of the Governors**

20          “(a) *AUTHORITY TO ESTABLISH RATES AND CLASS-*  
21 *ES.*—*The Governors, with the written concurrence of a ma-*  
22 *jority of all of the Governors then holding office, shall estab-*  
23 *lish rates and classes for products in the competitive cat-*  
24 *egory of mail in accordance with the requirements of this*

1 *subchapter and regulations promulgated under section*  
2 *3633.*

3 “(b) *PROCEDURES.*—

4 “(1) *IN GENERAL.*—*Rates and classes shall be es-*  
5 *tablished in writing, complete with a statement of ex-*  
6 *planation and justification, and the date as of which*  
7 *each such rate or class takes effect.*

8 “(2) *PUBLIC NOTICE; REVIEW; AND COMPLI-*  
9 *ANCE.*—*Not later than 30 days before the date of im-*  
10 *plementation of any adjustment in rates under this*  
11 *section—*

12 “(A) *the Governors shall provide public no-*  
13 *tice of the adjustment and an opportunity for re-*  
14 *view by the Postal Regulatory Commission;*

15 “(B) *the Postal Regulatory Commission*  
16 *shall notify the Governors of any noncompliance*  
17 *of the adjustment with section 3633; and*

18 “(C) *the Governors shall respond to the no-*  
19 *tice provided under subparagraph (B) and de-*  
20 *scribe the actions to be taken to comply with sec-*  
21 *tion 3633.*

22 “(c) *TRANSITION RULE.*—*Until regulations under sec-*  
23 *tion 3633 first take effect, rates and classes for competitive*  
24 *products shall remain subject to modification in accordance*  
25 *with the provisions of this chapter and section 407, as such*

1 *provisions were as last in effect before the date of enactment*  
2 *of this section.*

3 **“§ 3633. Provisions applicable to rates for competitive**  
4 **products**

5 “(a) *IN GENERAL.*—*The Postal Regulatory Commis-*  
6 *sion shall, within 180 days after the date of enactment of*  
7 *this section, promulgate (and may from time to time there-*  
8 *after revise) regulations to—*

9 “(1) *prohibit the subsidization of competitive*  
10 *products by market-dominant products;*

11 “(2) *ensure that each competitive product covers*  
12 *its costs attributable; and*

13 “(3) *ensure that all competitive products collec-*  
14 *tively cover their share of the institutional costs of the*  
15 *Postal Service.*

16 “(b) *REVIEW OF MINIMUM CONTRIBUTION.*—*Five*  
17 *years after the date of enactment of this section, and every*  
18 *5 years thereafter, the Postal Regulatory Commission shall*  
19 *conduct a review to determine whether the institutional*  
20 *costs contribution requirement under subsection (a)(3)*  
21 *should be retained in its current form, modified, or elimi-*  
22 *nated. In making its determination, the Commission shall*  
23 *consider all relevant circumstances, including the pre-*  
24 *vailing competitive conditions in the market, and the degree*

1 *to which any costs are uniquely or disproportionately asso-*  
 2 *ciated with any competitive products.”.*

3 **SEC. 203. PROVISIONS RELATING TO EXPERIMENTAL AND**  
 4 **NEW PRODUCTS.**

5 *Subchapter III of chapter 36 of title 39, United States*  
 6 *Code, is amended to read as follows:*

7 “**SUBCHAPTER III—PROVISIONS RELATING TO**  
 8 **EXPERIMENTAL AND NEW PRODUCTS**

9 “**§ 3641. Market tests of experimental products**

10 “(a) **AUTHORITY.**—

11 “(1) **IN GENERAL.**—*The Postal Service may con-*  
 12 *duct market tests of experimental products in accord-*  
 13 *ance with this section.*

14 “(2) **PROVISIONS WAIVED.**—*A product shall not,*  
 15 *while it is being tested under this section, be subject*  
 16 *to the requirements of sections 3622, 3633, or 3642,*  
 17 *or regulations promulgated under those sections.*

18 “(b) **CONDITIONS.**—*A product may not be tested under*  
 19 *this section unless it satisfies each of the following:*

20 “(1) **SIGNIFICANTLY DIFFERENT PRODUCT.**—*The*  
 21 *product is, from the viewpoint of the mail users, sig-*  
 22 *nificantly different from all products offered by the*  
 23 *Postal Service within the 2-year period preceding the*  
 24 *start of the test.*

1           “(2) *MARKET DISRUPTION.*—*The introduction or*  
2           *continued offering of the product will not create an*  
3           *unfair or otherwise inappropriate competitive advan-*  
4           *tage for the Postal Service or any mailer, particularly*  
5           *in regard to small business concerns (as defined under*  
6           *subsection (h)).*

7           “(3) *CORRECT CATEGORIZATION.*—*The Postal*  
8           *Service identifies the product, for the purpose of a test*  
9           *under this section, as either market-dominant or com-*  
10           *petitive, consistent with the criteria under section*  
11           *3642(b)(1). Costs and revenues attributable to a prod-*  
12           *uct identified as competitive shall be included in any*  
13           *determination under section 3633(3)(relating to pro-*  
14           *visions applicable to competitive products collec-*  
15           *tively). Any test that solely affects products currently*  
16           *classified as competitive, or which provides services*  
17           *ancillary to only competitive products, shall be pre-*  
18           *sumed to be in the competitive product category with-*  
19           *out regard to whether a similar ancillary product ex-*  
20           *ists for market-dominant products.*

21           “(c) *NOTICE.*—

22           “(1) *IN GENERAL.*—*At least 30 days before initi-*  
23           *ating a market test under this section, the Postal*  
24           *Service shall file with the Postal Regulatory Commis-*  
25           *sion and publish in the Federal Register a notice—*

1           “(A) *setting out the basis for the Postal*  
2           *Service’s determination that the market test is*  
3           *covered by this section; and*

4           “(B) *describing the nature and scope of the*  
5           *market test.*

6           “(2) *SAFEGUARDS.—For a competitive experi-*  
7           *mental product, the provisions of section 504(g) shall*  
8           *be available with respect to any information required*  
9           *to be filed under paragraph (1) to the same extent*  
10           *and in the same manner as in the case of any matter*  
11           *described in section 504(g)(1). Nothing in paragraph*  
12           *(1) shall be considered to permit or require the publi-*  
13           *cation of any information as to which confidential*  
14           *treatment is accorded under the preceding sentence*  
15           *(subject to the same exception as set forth in section*  
16           *504(g)(3)).*

17           “(d) *DURATION.—*

18           “(1) *IN GENERAL.—A market test of a product*  
19           *under this section may be conducted over a period of*  
20           *not to exceed 24 months.*

21           “(2) *EXTENSION AUTHORITY.—If necessary in*  
22           *order to determine the feasibility or desirability of a*  
23           *product being tested under this section, the Postal*  
24           *Regulatory Commission may, upon written applica-*  
25           *tion of the Postal Service (filed not later than 60 days*

1       *before the date as of which the testing of such product*  
2       *would otherwise be scheduled to terminate under*  
3       *paragraph (1)), extend the testing of such product for*  
4       *not to exceed an additional 12 months.*

5       “(e) *DOLLAR-AMOUNT LIMITATION.*—

6               “(1) *IN GENERAL.*—*A product may only be test-*  
7       *ed under this section if the total revenues that are an-*  
8       *ticipated, or in fact received, by the Postal Service*  
9       *from such product do not exceed \$10,000,000 in any*  
10       *year, subject to paragraph (2) and subsection (g).*

11               “(2) *EXEMPTION AUTHORITY.*—*The Postal Regu-*  
12       *latory Commission may, upon written application of*  
13       *the Postal Service, exempt the market test from the*  
14       *limit in paragraph (1) if the total revenues that are*  
15       *anticipated, or in fact received, by the Postal Service*  
16       *from such product do not exceed \$50,000,000 in any*  
17       *year, subject to subsection (g). In reviewing an appli-*  
18       *cation under this paragraph, the Postal Regulatory*  
19       *Commission shall approve such application if it de-*  
20       *termines that—*

21                       “(A) *the product is likely to benefit the pub-*  
22                       *lic and meet an expected demand;*

23                       “(B) *the product is likely to contribute to*  
24                       *the financial stability of the Postal Service; and*

1           “(C) the product is not likely to result in  
2           unfair or otherwise inappropriate competition.

3           “(f) CANCELLATION.—If the Postal Regulatory Com-  
4 mission at any time determines that a market test under  
5 this section fails to meet 1 or more of the requirements of  
6 this section, it may order the cancellation of the test in-  
7 volved or take such other action as it considers appropriate.  
8 A determination under this subsection shall be made in ac-  
9 cordance with such procedures as the Commission shall by  
10 regulation prescribe.

11          “(g) ADJUSTMENT FOR INFLATION.—For purposes of  
12 each year following the year in which occurs the deadline  
13 for the Postal Service’s first report to the Postal Regulatory  
14 Commission under section 3652(a), each dollar amount con-  
15 tained in this section shall be adjusted by the change in  
16 the Consumer Price Index for such year (as determined  
17 under regulations of the Commission).

18          “(h) DEFINITION OF A SMALL BUSINESS CONCERN.—  
19 The criteria used in defining small business concerns or oth-  
20 erwise categorizing business concerns as small business con-  
21 cerns shall, for purposes of this section, be established by  
22 the Postal Regulatory Commission in conformance with the  
23 requirements of section 3 of the Small Business Act.

24          “(i) EFFECTIVE DATE.—Market tests under this sub-  
25 chapter may be conducted in any year beginning with the



1 *first year in which occurs the deadline for the Postal Serv-*  
2 *ice’s first report to the Postal Regulatory Commission under*  
3 *section 3652(a).*

4 **“§ 3642. New products and transfers of products be-**  
5 **tween the market-dominant and competi-**  
6 **tive categories of mail**

7 “(a) *IN GENERAL.*—Upon request of the Postal Service  
8 or users of the mails, or upon its own initiative, the Postal  
9 Regulatory Commission may change the list of market-dom-  
10 inant products under section 3621 and the list of competi-  
11 tive products under section 3631 by adding new products  
12 to the lists, removing products from the lists, or transferring  
13 products between the lists.

14 “(b) *CRITERIA.*—All determinations by the Postal Reg-  
15 ulatory Commission under subsection (a) shall be made in  
16 accordance with the following criteria:

17 “(1) *The market-dominant category of products*  
18 *shall consist of each product in the sale of which the*  
19 *Postal Service exercises sufficient market power that*  
20 *it can effectively set the price of such product substan-*  
21 *tially above costs, raise prices significantly, decrease*  
22 *quality, or decrease output, without risk of losing sub-*  
23 *stantial business to other firms offering similar prod-*  
24 *ucts. The competitive category of products shall con-*  
25 *sist of all other products.*

1           “(2) *EXCLUSION OF PRODUCTS COVERED BY*  
2 *POSTAL MONOPOLY.*—A product covered by the postal  
3 *monopoly shall not be subject to transfer under this*  
4 *section from the market-dominant category of mail.*  
5 *For purposes of the preceding sentence, the term*  
6 *‘product covered by the postal monopoly’ means any*  
7 *product the conveyance or transmission of which is*  
8 *reserved to the United States under section 1696 of*  
9 *title 18, subject to the same exception as set forth in*  
10 *the last sentence of section 409(e)(1).*

11           “(3) *ADDITIONAL CONSIDERATIONS.*—In making  
12 *any decision under this section, due regard shall be*  
13 *given to—*

14                   “(A) *the availability and nature of enter-*  
15 *prises in the private sector engaged in the deliv-*  
16 *ery of the product involved;*

17                   “(B) *the views of those who use the product*  
18 *involved on the appropriateness of the proposed*  
19 *action; and*

20                   “(C) *the likely impact of the proposed ac-*  
21 *tion on small business concerns (within the*  
22 *meaning of section 3641(h)).*

23           “(c) *TRANSFERS OF SUBCLASSES AND OTHER SUBOR-*  
24 *DINATE UNITS ALLOWABLE.*—Nothing in this title shall be  
25 *considered to prevent transfers under this section from being*

1 *made by reason of the fact that they would involve only*  
2 *some (but not all) of the subclasses or other subordinate*  
3 *units of the class of mail or type of postal service involved*  
4 *(without regard to satisfaction of minimum quantity re-*  
5 *quirements standing alone).*

6 “(d) *NOTIFICATION AND PUBLICATION REQUIRE-*  
7 *MENTS.—*

8 “(1) *NOTIFICATION REQUIREMENT.—The Postal*  
9 *Service shall, whenever it requests to add a product*  
10 *or transfer a product to a different category, file with*  
11 *the Postal Regulatory Commission and publish in the*  
12 *Federal Register a notice setting out the basis for its*  
13 *determination that the product satisfies the criteria*  
14 *under subsection (b) and, in the case of a request to*  
15 *add a product or transfer a product to the competi-*  
16 *tive category of mail, that the product meets the regu-*  
17 *lations promulgated by the Postal Regulatory Com-*  
18 *mission under section 3633. The provisions of section*  
19 *504(g) shall be available with respect to any informa-*  
20 *tion required to be filed.*

21 “(2) *PUBLICATION REQUIREMENT.—The Postal*  
22 *Regulatory Commission shall, whenever it changes the*  
23 *list of products in the market-dominant or competi-*  
24 *tive category of mail, prescribe new lists of products.*  
25 *The revised lists shall indicate how and when any*

1        *previous lists (including the lists under sections 3621*  
2        *and 3631) are superseded, and shall be published in*  
3        *the Federal Register.*

4        “(e) *PROHIBITION.—Except as provided in section*  
5        *3641, no product that involves the physical delivery of let-*  
6        *ters, printed matter, or packages may be offered by the Post-*  
7        *al Service unless it has been assigned to the market-domi-*  
8        *nant or competitive category of mail (as appropriate)*  
9        *either—*

10                *“(1) under this subchapter; or*

11                *“(2) by or under any other provision of law.”.*

12        **SEC. 204. REPORTING REQUIREMENTS AND RELATED PRO-**  
13                        **VISIONS.**

14        (a) *REDESIGNATION.—Chapter 36 of title 39, United*  
15        *States Code (as in effect before the amendment made by sub-*  
16        *section (b)) is amended—*

17                (1) *by striking the heading for subchapter IV*  
18        *and inserting the following:*

19                        *“SUBCHAPTER V—POSTAL SERVICES,*  
20        *COMPLAINTS, AND JUDICIAL REVIEW”;* *and*

21                (2) *by striking the heading for subchapter V and*  
22        *inserting the following:*

1                   “SUBCHAPTER VI—GENERAL”.

2           (b) *REPORTS AND COMPLIANCE.*—Chapter 36 of title  
3 39, United States Code, is amended by inserting after sub-  
4 chapter III the following:

5           “SUBCHAPTER IV—REPORTING REQUIREMENTS  
6                                   AND RELATED PROVISIONS

7           “§ 3651. *Annual reports by the Commission*

8           “(a) *IN GENERAL.*—The Postal Regulatory Commis-  
9 sion shall submit an annual report to the President and  
10 the Congress concerning the operations of the Commission  
11 under this title, including the extent to which regulations  
12 are achieving the objectives under sections 3622, 3633, and  
13 3691.

14           “(b) *INFORMATION FROM POSTAL SERVICE.*—The  
15 Postal Service shall provide the Postal Regulatory Commis-  
16 sion with such information as may, in the judgment of the  
17 Commission, be necessary in order for the Commission to  
18 prepare its reports under this section.

19           “§ 3652. *Annual reports to the Commission*

20           “(a) *COSTS, REVENUES, RATES, AND SERVICE.*—*Ex-*  
21 *cept as provided in subsection (c), the Postal Service shall,*  
22 *no later than 90 days after the end of each year, prepare*  
23 *and submit to the Postal Regulatory Commission a report*  
24 *(together with such nonpublic annex to the report as the*  
25 *Commission may require under subsection (e))—*

1           “(1) which shall analyze costs, revenues, rates,  
2           and quality of service in sufficient detail to dem-  
3           onstrate that all products during such year complied  
4           with all applicable requirements of this title; and

5           “(2) which shall, for each market-dominant  
6           product provided in such year, provide—

7                   “(A) product information, including mail  
8                   volumes; and

9                   “(B) measures of the service afforded by the  
10                  Postal Service in connection with such product,  
11                  including—

12                           “(i) the level of service (described in  
13                           terms of speed of delivery and reliability)  
14                           provided; and

15                           “(ii) the degree of customer satisfaction  
16                           with the service provided.

17           *Before submitting a report under this subsection (in-*  
18           *cluding any annex to the report and the information*  
19           *required under subsection (b)), the Postal Service*  
20           *shall have the information contained in such report*  
21           *(and annex) audited by the Inspector General. The re-*  
22           *sults of any such audit shall be submitted along with*  
23           *the report to which it pertains.*

24           “(b) *INFORMATION RELATING TO WORKSHARE DIS-*  
25           *COUNTS.—The Postal Service shall include, in each report*

1 *under subsection (a), the following information with respect*  
2 *to each market-dominant product for which a workshare*  
3 *discount was in effect during the period covered by such*  
4 *report:*

5           “(1) *The per-item cost avoided by the Postal*  
6           *Service by virtue of such discount.*

7           “(2) *The percentage of such per-item cost avoided*  
8           *that the per-item workshare discount represents.*

9           “(3) *The per-item contribution made to institu-*  
10          *tional costs.*

11          “(c) *SERVICE AGREEMENTS AND MARKET TESTS.—In*  
12 *carrying out subsections (a) and (b) with respect to service*  
13 *agreements and experimental products offered through mar-*  
14 *ket tests under section 3641 in a year, the Postal Service—*

15           “(1) *may report summary data on the costs, rev-*  
16           *enues, and quality of service by service agreement and*  
17           *market test; and*

18           “(2) *shall report such data as the Postal Regu-*  
19           *latory Commission requires.*

20          “(d) *SUPPORTING MATTER.—The Postal Regulatory*  
21 *Commission shall have access, in accordance with such reg-*  
22 *ulations as the Commission shall prescribe, to the working*  
23 *papers and any other supporting matter of the Postal Serv-*  
24 *ice and the Inspector General in connection with any infor-*  
25 *mation submitted under this section.*

1       “(e) *CONTENT AND FORM OF REPORTS.*—

2               “(1) *IN GENERAL.*—*The Postal Regulatory Com-*  
3       *mission shall, by regulation, prescribe the content and*  
4       *form of the public reports (and any nonpublic annex*  
5       *and supporting matter relating to the report) to be*  
6       *provided by the Postal Service under this section. In*  
7       *carrying out this subsection, the Commission shall*  
8       *give due consideration to—*

9               “(A) *providing the public with timely, ade-*  
10       *quate information to assess the lawfulness of*  
11       *rates charged;*

12              “(B) *avoiding unnecessary or unwarranted*  
13       *administrative effort and expense on the part of*  
14       *the Postal Service; and*

15              “(C) *protecting the confidentiality of com-*  
16       *mercially sensitive information.*

17              “(2) *REVISED REQUIREMENTS.*—*The Commis-*  
18       *sion may, on its own motion or on request of an in-*  
19       *terested party, initiate proceedings (to be conducted*  
20       *in accordance with regulations that the Commission*  
21       *shall prescribe) to improve the quality, accuracy, or*  
22       *completeness of Postal Service data required by the*  
23       *Commission under this subsection whenever it shall*  
24       *appear that—*



1           “(A) *the attribution of costs or revenues to*  
2           *products has become significantly inaccurate or*  
3           *can be significantly improved;*

4           “(B) *the quality of service data has become*  
5           *significantly inaccurate or can be significantly*  
6           *improved; or*

7           “(C) *such revisions are, in the judgment of*  
8           *the Commission, otherwise necessitated by the*  
9           *public interest.*

10          “(f) *CONFIDENTIAL INFORMATION.—*

11           “(1) *IN GENERAL.—If the Postal Service deter-*  
12           *mines that any document or portion of a document,*  
13           *or other matter, which it provides to the Postal Regu-*  
14           *latory Commission in a nonpublic annex under this*  
15           *section or under subsection (d) contains information*  
16           *which is described in section 410(c) of this title, or ex-*  
17           *empt from public disclosure under section 552(b) of*  
18           *title 5, the Postal Service shall, at the time of pro-*  
19           *viding such matter to the Commission, notify the*  
20           *Commission of its determination, in writing, and de-*  
21           *scribe with particularity the documents (or portions*  
22           *of documents) or other matter for which confiden-*  
23           *tiality is sought and the reasons therefor.*

24           “(2) *TREATMENT.—Any information or other*  
25           *matter described in paragraph (1) to which the Com-*

1        *mission gains access under this section shall be sub-*  
2        *ject to paragraphs (2) and (3) of section 504(g) in the*  
3        *same way as if the Commission had received notifica-*  
4        *tion with respect to such matter under section*  
5        *504(g)(1).*

6        “(g) *OTHER REPORTS.*—*The Postal Service shall sub-*  
7        *mit to the Postal Regulatory Commission, together with any*  
8        *other submission that the Postal Service is required to make*  
9        *under this section in a year, copies of its then most recent—*

10            *“(1) comprehensive statement under section*  
11            *2401(e);*

12            *“(2) strategic plan under section 2802;*

13            *“(3) performance plan under section 2803; and*

14            *“(4) program performance reports under section*  
15            *2804.*

16        **“§ 3653. Annual determination of compliance**

17        “(a) *OPPORTUNITY FOR PUBLIC COMMENT.*—*After re-*  
18        *ceiving the reports required under section 3652 for any*  
19        *year, the Postal Regulatory Commission shall promptly*  
20        *provide an opportunity for comment on such reports by*  
21        *users of the mails, affected parties, and an officer of the*  
22        *Commission who shall be required to represent the interests*  
23        *of the general public.*

24        “(b) *DETERMINATION OF COMPLIANCE OR NONCOMPLI-*  
25        *ANCE.*—*Not later than 90 days after receiving the submis-*

1 sions required under section 3652 with respect to a year,  
2 the Postal Regulatory Commission shall make a written de-  
3 termination as to—

4           “(1) whether any rates or fees in effect during  
5 such year (for products individually or collectively)  
6 were not in compliance with applicable provisions of  
7 this chapter (or regulations promulgated thereunder);  
8 or

9           “(2) whether any service standards in effect dur-  
10 ing such year were not met.

11 If, with respect to a year, no instance of noncompliance  
12 is found under this subsection to have occurred in such year,  
13 the written determination shall be to that effect.

14           “(c) *IF ANY NONCOMPLIANCE IS FOUND.*—If, for a  
15 year, a timely written determination of noncompliance is  
16 made under subsection (b), the Postal Regulatory Commis-  
17 sion shall take any appropriate remedial action authorized  
18 by section 3662(c).

19           “(d) *REBUTTABLE PRESUMPTION.*—A timely written  
20 determination described in the last sentence of subsection  
21 (b) shall, for purposes of any proceeding under section 3662,  
22 create a rebuttable presumption of compliance by the Postal  
23 Service (with regard to the matters described under para-  
24 graphs (1) and (2) of subsection (b)) during the year to  
25 which such determination relates.”.

1 **SEC. 205. COMPLAINTS; APPELLATE REVIEW AND ENFORCE-**  
2 **MENT.**

3 Chapter 36 of title 39, United States Code, is amended  
4 by striking sections 3662 and 3663 and inserting the fol-  
5 lowing:

6 **“§ 3662. Rate and service complaints**

7 “(a) *IN GENERAL.*—Any interested party (including  
8 an officer of the Postal Regulatory Commission representing  
9 the interests of the general public) who believes the Postal  
10 Service is not operating in conformance with the require-  
11 ments of the provisions of chapter 1 (except section 101(c)),  
12 sections 401, 403, 404, 404a, 601, or this chapter (or regula-  
13 tions promulgated under any of those provisions) may lodge  
14 a complaint with the Postal Regulatory Commission in  
15 such form and manner as the Commission may prescribe.

16 “(b) *PROMPT RESPONSE REQUIRED.*—

17 “(1) *IN GENERAL.*—The Postal Regulatory Com-  
18 mission shall, within 90 days after receiving a com-  
19 plaint under subsection (a)—

20 “(A) either—

21 “(i) upon a finding that such com-  
22 plaint raises substantial and material  
23 issues of fact or law, begin proceedings on  
24 such complaint; or

25 “(ii) issue an order dismissing the  
26 complaint; and

1           “(B) with respect to any action taken under  
2           subparagraph (A) (i) or (ii), issue a written  
3           statement setting forth the bases of its determina-  
4           tion.

5           “(2) *TREATMENT OF COMPLAINTS NOT TIMELY*  
6           *ACTED ON.*—For purposes of section 3663, any com-  
7           plaint under subsection (a) on which the Commission  
8           fails to act in the time and manner required by para-  
9           graph (1) shall be treated in the same way as if it  
10          had been dismissed under an order issued by the  
11          Commission on the last day allowable for the issuance  
12          of such order under paragraph (1).

13          “(c) *ACTION REQUIRED IF COMPLAINT FOUND TO BE*  
14          *JUSTIFIED.*—If the Postal Regulatory Commission finds  
15          upon clear and convincing evidence the complaint to be jus-  
16          tified, it shall order that the Postal Service take such action  
17          as is necessary to achieve compliance with the applicable  
18          requirements and to remedy the effects of any noncompli-  
19          ance.

20          “(d) *AUTHORITY TO ORDER FINES IN CASES OF DE-*  
21          *LIBERATE NONCOMPLIANCE.*—In addition, in cases of delib-  
22          erate noncompliance by the Postal Service with the require-  
23          ments of this title, the Postal Regulatory Commission may  
24          order, based on the nature, circumstances, extent, and seri-  
25          ousness of the noncompliance, a fine (in the amount speci-

1 *fined by the Commission in its order) for each incidence of*  
2 *noncompliance. Fines resulting from the provision of com-*  
3 *petitive products shall be paid from the Competitive Prod-*  
4 *ucts Fund established in section 2011. All receipts from*  
5 *finest imposed under this subsection shall be deposited in*  
6 *the general fund of the Treasury of the United States.*

7 **“§ 3663. Appellate review**

8       *“A person, including the Postal Service, adversely af-*  
9 *ected or aggrieved by a final order or decision of the Postal*  
10 *Regulatory Commission may, within 30 days after such*  
11 *order or decision becomes final, institute proceedings for re-*  
12 *view thereof by filing a petition in the United States Court*  
13 *of Appeals for the District of Columbia. The court shall re-*  
14 *view the order or decision in accordance with section 706*  
15 *of title 5, and chapter 158 and section 2112 of title 28,*  
16 *on the basis of the record before the Commission.*

17 **“§ 3664. Enforcement of orders**

18       *“The several district courts have jurisdiction specifi-*  
19 *cally to enforce, and to enjoin and restrain the Postal Serv-*  
20 *ice from violating, any order issued by the Postal Regu-*  
21 *latory Commission.”.*

22 **SEC. 206. CLERICAL AMENDMENT.**

23       *Chapter 36 of title 39, United States Code, is amended*  
24 *by striking the heading and analysis for such chapter and*  
25 *inserting the following:*

**“CHAPTER 36—POSTAL RATES, CLASSES, AND SERVICES***“SUBCHAPTER I—PROVISIONS RELATING TO MARKET-DOMINANT PRODUCTS**“Sec.**“3621. Applicability; definitions.**“3622. Modern rate regulation.**“[3623. Repealed.]**“[3624. Repealed.]**“[3625. Repealed.]**“3626. Reduced Rates.**“3627. Adjusting free rates.**“[3628. Repealed.]**“3629. Reduced rates for voter registration purposes.**“SUBCHAPTER II—PROVISIONS RELATING TO COMPETITIVE PRODUCTS**“3631. Applicability; definitions and updates.**“3632. Action of the Governors.**“3633. Provisions applicable to rates for competitive products.**“3634. Assumed Federal income tax on competitive products.**“SUBCHAPTER III—PROVISIONS RELATING TO EXPERIMENTAL AND NEW PRODUCTS**“3641. Market tests of experimental products.**“3642. New products and transfers of products between the market-dominant and competitive categories of mail.**“SUBCHAPTER IV—REPORTING REQUIREMENTS AND RELATED PROVISIONS**“3651. Annual reports by the Commission.**“3652. Annual reports to the Commission.**“3653. Annual determination of compliance.**“SUBCHAPTER V—POSTAL SERVICES, COMPLAINTS, AND JUDICIAL REVIEW**“3661. Postal Services.**“3662. Rate and service complaints.**“3663. Appellate review.**“3664. Enforcement of orders.**“SUBCHAPTER VI—GENERAL**“3681. Reimbursement.**“3682. Size and weight limits.**“3683. Uniform rates for books; films, other materials.**“3684. Limitations.**“3685. Filing of information relating to periodical publications.**“3686. Bonus authority.**“SUBCHAPTER VII—MODERN SERVICE STANDARDS**“3691. Establishment of modern service standards.”.*

1           **TITLE III—MODERN SERVICE**  
2                           **STANDARDS**

3   **SEC. 301. ESTABLISHMENT OF MODERN SERVICE STAND-**  
4                           **ARDS.**

5           *Chapter 36 of title 39, United States Code, as amended*  
6   *by this Act, is further amended by adding at the end the*  
7   *following:*

8                   “**SUBCHAPTER VII—MODERN SERVICE**  
9   **STANDARDS**

10   “**§ 3691. Establishment of modern service standards**

11           “(a) *AUTHORITY GENERALLY.*—*Not later than 12*  
12   *months after the date of enactment of this section, the Postal*  
13   *Service shall, in consultation with the Postal Regulatory*  
14   *Commission, by regulation establish (and may from time*  
15   *to time thereafter by regulation revise) a set of service*  
16   *standards for market-dominant products consistent with the*  
17   *Postal Service’s universal service obligation as defined in*  
18   *sections 101 (a) and (b) and 403.*

19           “(b) *OBJECTIVES.*—*Such standards shall be designed*  
20   *to achieve the following objectives:*

21                   “(1) *To enhance the value of postal services to*  
22    *both senders and recipients.*

23                   “(2) *To preserve regular and effective access to*  
24    *postal services in all communities, including those in*



1        *rural areas or where post offices are not self-sus-*  
2        *taining.*

3            *“(3) To reasonably assure Postal Service cus-*  
4        *tomers delivery reliability, speed and frequency con-*  
5        *sistent with reasonable rates and best business prac-*  
6        *tices.*

7            *“(4) To provide a system of objective external*  
8        *performance measurements for each market-dominant*  
9        *product as a basis for measurement of Postal Service*  
10       *performance.*

11        *“(c) FACTORS.—In establishing or revising such stand-*  
12       *ards, the Postal Service shall take into account—*

13            *“(1) the actual level of service that Postal Service*  
14        *customers receive under any service guidelines pre-*  
15        *viously established by the Postal Service or service*  
16        *standards established under this section;*

17            *“(2) the degree of customer satisfaction with*  
18        *Postal Service performance in the acceptance, proc-*  
19        *essing and delivery of mail;*

20            *“(3) the needs of Postal Service customers, in-*  
21        *cluding those with physical impairments;*

22            *“(4) mail volume and revenues projected for fu-*  
23        *ture years;*

1           “(5) the projected growth in the number of ad-  
2           dresses the Postal Service will be required to serve in  
3           future years;

4           “(6) the current and projected future cost of serv-  
5           ing Postal Service customers;

6           “(7) the effect of changes in technology, demo-  
7           graphics, and population distribution on the efficient  
8           and reliable operation of the postal delivery system;  
9           and

10           “(8) the policies of this title and such other fac-  
11           tors as the Postal Service determines appropriate.

12           “(d) REVIEW.—The regulations promulgated pursuant  
13           to this section (and any revisions thereto) shall be subject  
14           to review upon complaint under sections 3662 and 3663.”.

15   **SEC. 302. POSTAL SERVICE PLAN.**

16           (a) *IN GENERAL.*—Within 6 months after the estab-  
17           lishment of the service standards under section 3691 of title  
18           39, United States Code, as added by this Act, the Postal  
19           Service shall, in consultation with the Postal Regulatory  
20           Commission, develop and submit to Congress a plan for  
21           meeting those standards.

22           (b) *CONTENTS.*—The plan under this section shall—

23                   (1) establish performance goals;

24                   (2) describe any changes to the Postal Service’s  
25           processing, transportation, delivery, and retail net-

1        *works necessary to allow the Postal Service to meet*  
2        *the performance goals;*

3            *(3) describe any changes to planning and per-*  
4        *formance management documents previously sub-*  
5        *mitted to Congress to reflect new performance goals;*  
6        *and*

7            *(4) contain the matters relating to postal facili-*  
8        *ties provided under subsection (c).*

9        *(c) POSTAL FACILITIES.—*

10            *(1) FINDINGS.—Congress finds that—*

11            *(A) the Postal Service has more than 400*  
12        *logistics facilities, separate from its post office*  
13        *network;*

14            *(B) as noted by the President’s Commission*  
15        *on the United States Postal Service, the Postal*  
16        *Service has more facilities than it needs and the*  
17        *streamlining of this distribution network can*  
18        *pave the way for the potential consolidation of*  
19        *sorting facilities and the elimination of excess*  
20        *costs;*

21            *(C) the Postal Service has always revised its*  
22        *distribution network to meet changing conditions*  
23        *and is best suited to address its operational*  
24        *needs; and*

1                   (D) Congress strongly encourages the Postal  
2           Service to—

3                   (i) expeditiously move forward in its  
4           streamlining efforts; and

5                   (ii) keep unions, management associa-  
6           tions, and local elected officials informed as  
7           an essential part of this effort and abide by  
8           any procedural requirements contained in  
9           the national bargaining agreements.

10           (2) *IN GENERAL.*—The Postal Service plan shall  
11   include a description of—

12                   (A) the long-term vision of the Postal Serv-  
13           ice for rationalizing its infrastructure and work-  
14           force; and

15                   (B) how the Postal Service intends to im-  
16           plement that vision.

17           (3) *CONTENT OF FACILITIES PLAN.*—The plan  
18   under this subsection shall include—

19                   (A) a strategy for how the Postal Service  
20           intends to rationalize the postal facilities net-  
21           work and remove excess processing capacity and  
22           space from the network, including estimated  
23           timeframes, criteria, and processes to be used for  
24           making changes to the facilities network, and the

1            *process for engaging policy makers and the pub-*  
2            *lic in related decisions;*

3            *(B) a discussion of what impact any facil-*  
4            *ity changes may have on the postal workforce*  
5            *and whether the Postal Service has sufficient*  
6            *flexibility to make needed workforce changes;*

7            *(C) an identification of anticipated costs,*  
8            *cost savings, and other benefits associated with*  
9            *the infrastructure rationalization alternatives*  
10           *discussed in the plan; and*

11           *(D) procedures that the Postal Service will*  
12           *use to—*

13           *(i) provide adequate public notice to*  
14           *communities potentially affected by a pro-*  
15           *posed rationalization decision;*

16           *(ii) make available, upon request, any*  
17           *data, analyses, or other information consid-*  
18           *ered by the Postal Service in making the*  
19           *proposed decision;*

20           *(iii) afford affected persons ample op-*  
21           *portunity to provide input on the proposed*  
22           *decision; and*

23           *(iv) take such comments into account*  
24           *in making a final decision.*

25           *(4) ANNUAL REPORTS.—*

1           (A) *IN GENERAL.*—Not later than 90 days  
2 after the end of each fiscal year, the Postal Serv-  
3 ice shall prepare and submit a report to Con-  
4 gress on how postal decisions have impacted or  
5 will impact rationalization plans.

6           (B) *CONTENTS.*—Each report under this  
7 paragraph shall include—

8                   (i) an account of actions taken during  
9 the preceding fiscal year to improve the effi-  
10 ciency and effectiveness of its processing,  
11 transportation, and distribution networks  
12 while preserving the timely delivery of post-  
13 al services, including overall estimated costs  
14 and cost savings;

15                   (ii) an account of actions taken to  
16 identify any excess capacity within its  
17 processing, transportation, and distribution  
18 networks and implement savings through  
19 realignment or consolidation of facilities in-  
20 cluding overall estimated costs and cost sav-  
21 ings;

22                   (iii) an estimate of how postal deci-  
23 sions related to mail changes, security, au-  
24 tomation initiatives, worksharing, informa-  
25 tion technology systems, excess capacity,

1           *consolidating and closing facilities, and*  
2           *other areas will impact rationalization*  
3           *plans;*

4                   *(iv) identification of any statutory or*  
5                   *regulatory obstacles that prevented or will*  
6                   *prevent or hinder the Postal Service from*  
7                   *taking action to realign or consolidate fa-*  
8                   *cilities; and*

9                   *(v) such additional topics and rec-*  
10                  *ommendations as the Postal Service con-*  
11                  *siders appropriate.*

12                  (5) *EXISTING EFFORTS.*—*Effective on the date of*  
13                  *enactment of this Act, the Postal Service may not*  
14                  *close or consolidate any processing or logistics facili-*  
15                  *ties without using procedures for public notice and*  
16                  *input consistent with those described under para-*  
17                  *graph (3)(D).*

18                  (d) *ALTERNATE RETAIL OPTIONS.*—*The Postal Service*  
19                  *plan shall include plans to expand and market retail access*  
20                  *to postal services, in addition to post offices, including—*

21                          (1) *vending machines;*

22                          (2) *the Internet;*

23                          (3) *postage meters;*

24                          (4) *Stamps by Mail;*

25                          (5) *Postal Service employees on delivery routes;*

1           (6) *retail facilities in which overhead costs are*  
2 *shared with private businesses and other government*  
3 *agencies; or*

4           (7) *any other nonpost office access channel pro-*  
5 *viding market retail access to postal services.*

6           (e) *REEMPLOYMENT ASSISTANCE AND RETIREMENT*  
7 *BENEFITS.—The Postal Service plan shall include—*

8           (1) *a plan under which reemployment assistance*  
9 *shall be afforded to employees displaced as a result of*  
10 *the automation of any of its functions or the closing*  
11 *and consolidation of any of its facilities; and*

12           (2) *a plan, developed in consultation with the*  
13 *Office of Personnel Management, to offer early retire-*  
14 *ment benefits.*

15           (f) *INSPECTOR GENERAL REPORT.—*

16           (1) *IN GENERAL*Before submitting the plan under  
17 *subsection (a) and each annual report under sub-*  
18 *section (c) to Congress, the Postal Service shall submit*  
19 *the plan and each annual report to the Inspector*  
20 *General of the United States Postal Service in a time-*  
21 *ly manner to carry out this subsection.*

22           (2) *REPORT.—The Inspector General shall pre-*  
23 *pare a report describing the extent to which the Postal*  
24 *Service plan and each annual report under subsection*  
25 *(c)—*



1           (A) are consistent with the continuing obli-  
 2           gations of the Postal Service under title 39,  
 3           United States Code;

4           (B) provide for the Postal Service to meet  
 5           the service standards established under section  
 6           3691 of title 39, United States Code; and

7           (C) allow progress toward improving overall  
 8           efficiency and effectiveness consistent with the  
 9           need to maintain universal postal service at af-  
 10          fordable rates.

11          (g) *CONTINUED AUTHORITY*.—Nothing in this section  
 12          shall be construed to prohibit the Postal Service from imple-  
 13          menting any change to its processing, transportation, deliv-  
 14          ery, and retail networks under any authority granted to  
 15          the Postal Service for those purposes.

16          **TITLE IV—PROVISIONS RELAT-**  
 17          **ING TO FAIR COMPETITION**

18          **SEC. 401. POSTAL SERVICE COMPETITIVE PRODUCTS FUND.**

19          (a) *PROVISIONS RELATING TO POSTAL SERVICE COM-*  
 20          *PETITIVE PRODUCTS FUND AND RELATED MATTERS.*—

21                 (1) *IN GENERAL.*—Chapter 20 of title 39, United  
 22                 States Code, is amended by adding at the end the fol-  
 23                 lowing:

1 **“§2011. Provisions relating to competitive products**

2 “(a)(1) *In this subsection, the term ‘costs attributable’*  
3 *has the meaning given such term by section 3631.*

4 “(2) *There is established in the Treasury of the United*  
5 *States a revolving fund, to be called the Postal Service Com-*  
6 *petitive Products Fund, which shall be available to the Post-*  
7 *al Service without fiscal year limitation for the payment*  
8 *of—*

9 “(A) *costs attributable to competitive products;*  
10 *and*

11 “(B) *all other costs incurred by the Postal Serv-*  
12 *ice, to the extent allocable to competitive products.*

13 “(b) *There shall be deposited in the Competitive Prod-*  
14 *ucts Fund, subject to withdrawal by the Postal Service—*

15 “(1) *revenues from competitive products;*

16 “(2) *amounts received from obligations issued by*  
17 *Postal Service under subsection (e);*

18 “(3) *interest and dividends earned on invest-*  
19 *ments of the Competitive Products Fund; and*

20 “(4) *any other receipts of the Postal Service (in-*  
21 *cluding from the sale of assets), to the extent allocable*  
22 *to competitive products.*

23 “(c) *If the Postal Service determines that the moneys*  
24 *of the Competitive Products Fund are in excess of current*  
25 *needs, the Postal Service may request the investment of such*  
26 *amounts as the Postal Service determines advisable by the*

1 *Secretary of the Treasury in obligations of, or obligations*  
2 *guaranteed by, the Government of the United States, and,*  
3 *with the approval of the Secretary, in such other obligations*  
4 *or securities as the Postal Service determines appropriate.*

5       “(d) *With the approval of the Secretary of the Treas-*  
6 *ury, the Postal Service may deposit moneys of the Competi-*  
7 *tive Products Fund in any Federal Reserve bank, any de-*  
8 *pository for public funds, or in such other places and in*  
9 *such manner as the Postal Service and the Secretary may*  
10 *mutually agree.*

11       “(e)(1)(A) *Subject to the limitations specified in sec-*  
12 *tion 2005(a), the Postal Service is authorized to borrow*  
13 *money and to issue and sell such obligations as the Postal*  
14 *Service determines necessary to provide for competitive*  
15 *products and deposit such amounts in the Competitive*  
16 *Products Fund.*

17       “(B) *Subject to paragraph (5), any borrowings by the*  
18 *Postal Service under subparagraph (A) shall be supported*  
19 *and serviced by—*

20               “(i) *the revenues and receipts from competitive*  
21 *products and the assets related to the provision of*  
22 *competitive products (as determined under subsection*  
23 *(h)); or*

24               “(ii) *for purposes of any period before account-*  
25 *ing practices and principles under subsection (h) have*

1       *been established and applied, the best information*  
2       *available from the Postal Service, including the au-*  
3       *dated statements required by section 2008(e).*

4       “(2) *The Postal Service may enter into binding cov-*  
5       *enants with the holders of such obligations, and with any*  
6       *trustee under any agreement entered into in connection*  
7       *with the issuance of such obligations with respect to—*

8               “(A) *the establishment of reserve, sinking, and*  
9       *other funds;*

10              “(B) *application and use of revenues and re-*  
11       *ceipts of the Competitive Products Fund;*

12              “(C) *stipulations concerning the subsequent*  
13       *issuance of obligations or the execution of leases or*  
14       *lease purchases relating to properties of the Postal*  
15       *Service; and*

16              “(D) *such other matters as the Postal Service,*  
17       *considers necessary or desirable to enhance the mar-*  
18       *ketability of such obligations.*

19       “(3) *Obligations issued by the Postal Service under*  
20       *this subsection—*

21              “(A) *shall be in such forms and denominations;*

22              “(B) *shall be sold at such times and in such*  
23       *amounts;*

24              “(C) *shall mature at such time or times;*

25              “(D) *shall be sold at such prices;*

1           “(E) shall bear such rates of interest;

2           “(F) may be redeemable before maturity in such  
3 manner, at such times, and at such redemption pre-  
4 miums;

5           “(G) may be entitled to such relative priorities  
6 of claim on the assets of the Postal Service with re-  
7 spect to principal and interest payments; and

8           “(H) shall be subject to such other terms and  
9 conditions,

10 as the Postal Service determines.

11           “(4) Obligations issued by the Postal Service under  
12 this subsection—

13           “(A) shall be negotiable or nonnegotiable and  
14 bearer or registered instruments, as specified therein  
15 and in any indenture or covenant relating thereto;

16           “(B) shall contain a recital that such obligations  
17 are issued under this subsection, and such recital  
18 shall be conclusive evidence of the regularity of the  
19 issuance and sale of such obligations and of their va-  
20 lidity;

21           “(C) shall be lawful investments and may be ac-  
22 cepted as security for all fiduciary, trust, and public  
23 funds, the investment or deposit of which shall be  
24 under the authority or control of any officer or agen-  
25 cy of the Government of the United States, and the

1     *Secretary of the Treasury or any other officer or*  
2     *agency having authority over or control of any such*  
3     *fiduciary, trust, or public funds, may at any time sell*  
4     *any of the obligations of the Postal Service acquired*  
5     *under this section;*

6             *“(D) shall not be exempt either as to principal*  
7     *or interest from any taxation now or hereafter im-*  
8     *posed by any State or local taxing authority; and*

9             *“(E) except as provided in section 2006(c), shall*  
10    *not be obligations of, nor shall payment of the prin-*  
11    *cipal thereof or interest thereon be guaranteed by, the*  
12    *Government of the United States, and the obligations*  
13    *shall so plainly state.*

14            *“(5)(A) Subject to subparagraph (B), the Postal Serv-*  
15    *ice shall make payments of principal, or interest, or both*  
16    *on obligations issued under this subsection from—*

17                *“(i) revenues and receipts from competitive prod-*  
18    *ucts and assets related to the provision of competitive*  
19    *products (as determined under subsection (h)); or*

20                *“(ii) for purposes of any period before account-*  
21    *ing practices and principles under subsection (h) have*  
22    *been established and applied, the best information*  
23    *available, including the audited statements required*  
24    *by section 2008(e).*

1           “(B) *Based on the audited financial statements for the*  
2 *most recently completed fiscal year, the total assets of the*  
3 *Competitive Products Fund may not be less than the*  
4 *amount determined by multiplying—*

5                   “(i) *the quotient resulting from the total revenue*  
6 *of the Competitive Products Fund divided by the total*  
7 *revenue of the Postal Service; and*

8                   “(ii) *the total assets of the Postal Service.*

9           “(f) *The receipts and disbursements of the Competitive*  
10 *Products Fund shall be accorded the same budgetary treat-*  
11 *ment as is accorded to receipts and disbursements of the*  
12 *Postal Service Fund under section 2009a.*

13           “(g) *A judgment (or settlement of a claim) against the*  
14 *Postal Service or the Government of the United States shall*  
15 *be paid out of the Competitive Products Fund to the extent*  
16 *that the judgment or claim arises out of activities of the*  
17 *Postal Service in the provision of competitive products.*

18           “(h)(1)(A) *The Secretary of the Treasury, in consulta-*  
19 *tion with the Postal Service and an independent, certified*  
20 *public accounting firm and other advisors as the Secretary*  
21 *considers appropriate, shall develop recommendations*  
22 *regarding—*

23                   “(i) *the accounting practices and principles that*  
24 *should be followed by the Postal Service with the ob-*  
25 *jectives of—*

1           “(I) identifying and valuing the assets and  
2           liabilities of the Postal Service associated with  
3           providing competitive products, including the  
4           capital and operating costs incurred by the Post-  
5           al Service in providing such competitive prod-  
6           ucts; and

7           “(II) subject to subsection (e)(5), preventing  
8           the subsidization of such products by market-  
9           dominant products; and

10          “(ii) the substantive and procedural rules that  
11          should be followed in determining the assumed Fed-  
12          eral income tax on competitive products income of the  
13          Postal Service for any year (within the meaning of  
14          section 3634).

15          “(B) Not earlier than 6 months after the date of enact-  
16          ment of this section, and not later than 12 months after  
17          such date, the Secretary of the Treasury shall submit the  
18          recommendations under subparagraph (A) to the Postal  
19          Regulatory Commission.

20          “(2)(A) Upon receiving the recommendations of the  
21          Secretary of the Treasury under paragraph (1), the Com-  
22          mission shall give interested parties, including the Postal  
23          Service, users of the mails, and an officer of the Commission  
24          who shall be required to represent the interests of the general  
25          public, an opportunity to present their views on those rec-



1 *ommendations through submission of written data, views,*  
2 *or arguments with or without opportunity for oral presen-*  
3 *tation, or in such other manner as the Commission con-*  
4 *siders appropriate.*

5       “(B)(i) *After due consideration of the views and other*  
6 *information received under subparagraph (A), the Commis-*  
7 *sion shall by rule—*

8               “(I) *provide for the establishment and applica-*  
9 *tion of the accounting practices and principles which*  
10 *shall be followed by the Postal Service;*

11               “(II) *provide for the establishment and applica-*  
12 *tion of the substantive and procedural rules described*  
13 *under paragraph (1)(A)(ii); and*

14               “(III) *provide for the submission by the Postal*  
15 *Service to the Postal Regulatory Commission of an-*  
16 *annual and other periodic reports setting forth such in-*  
17 *formation as the Commission may require.*

18       “(ii) *Final rules under this subparagraph shall be*  
19 *issued not later than 12 months after the date on which*  
20 *recommendations are submitted under paragraph (1) (or*  
21 *by such later date on which the Commission and the Postal*  
22 *Service may agree). The Commission may revise such rules.*

23       “(C)(i) *Reports described under subparagraph*  
24 *(B)(i)(III) shall be submitted at such time and in such*

1 *form, and shall include such information, as the Commis-*  
2 *sion by rule requires.*

3       “(ii) *The Commission may, on its own motion or on*  
4 *request of an interested party, initiate proceedings (to be*  
5 *conducted in accordance with such rules as the Commission*  
6 *shall prescribe) to improve the quality, accuracy, or com-*  
7 *pleteness of Postal Service information under subparagraph*  
8 *(B)(i)(III) whenever it shall appear that—*

9               “(I) *the quality of the information furnished in*  
10 *those reports has become significantly inaccurate or*  
11 *can be significantly improved; or*

12               “(II) *such revisions are, in the judgment of the*  
13 *Commission, otherwise necessitated by the public in-*  
14 *terest.*

15       “(D) *A copy of each report described under subpara-*  
16 *graph (B)(i)(III) shall be submitted by the Postal Service*  
17 *to the Secretary of the Treasury and the Inspector General*  
18 *of the United States Postal Service.*

19       “(i)(1) *The Postal Service shall submit an annual re-*  
20 *port to the Secretary of the Treasury concerning the oper-*  
21 *ation of the Competitive Products Fund. The report shall*  
22 *address such matters as risk limitations, reserve balances,*  
23 *allocation or distribution of moneys, liquidity require-*  
24 *ments, and measures to safeguard against losses.*

1       “(2) *A copy of the most recent report submitted under*  
 2 *paragraph (1) shall be included in the annual report sub-*  
 3 *mitted by the Postal Regulatory Commission under section*  
 4 *3652(g).”.*

5           (2) *CLERICAL AMENDMENT.—The table of sec-*  
 6 *tions for chapter 20 of title 39, United States Code,*  
 7 *is amended by adding after the item relating to sec-*  
 8 *tion 2010 the following:*

*“2011. Provisions relating to competitive products.”.*

9           (b) *TECHNICAL AND CONFORMING AMENDMENTS.—*

10           (1) *DEFINITION.—Section 2001 of title 39,*  
 11 *United States Code, is amended by striking “and” at*  
 12 *the end of paragraph (1), by redesignating paragraph*  
 13 *(2) as paragraph (3), and by inserting after para-*  
 14 *graph (1) the following:*

15           “(2) *COMPETITIVE PRODUCTS FUND.—The term*  
 16 *‘Competitive Products Fund’ means the Postal Service*  
 17 *Competitive Products Fund established by section*  
 18 *2011; and”.*

19           (2) *CAPITAL OF THE POSTAL SERVICE.—Section*  
 20 *2002(b) of title 39, United States Code, is amended*  
 21 *by striking “Fund,” and inserting “Fund and the*  
 22 *balance in the Competitive Products Fund,”.*

23           (3) *POSTAL SERVICE FUND.—*

24           (A) *PURPOSES FOR WHICH AVAILABLE.—*

25           *Section 2003(a) of title 39, United States Code,*

1           is amended by striking “title.” and inserting  
2           “title (other than any of the purposes, functions,  
3           or powers for which the Competitive Products  
4           Fund is available).”.

5           (B) *DEPOSITS*.—Section 2003(b) of title 39,  
6           United States Code, is amended by striking  
7           “*There*” and inserting “*Except as otherwise pro-*  
8           *vided in section 2011, there*”.

9           (4) *RELATIONSHIP BETWEEN THE TREASURY*  
10          *AND THE POSTAL SERVICE*.—Section 2006 of title 39,  
11          United States Code, is amended—

12           (A) in subsection (a), in the first sentence,  
13           by inserting “or 2011” after “section 2005”;

14           (B) in subsection (b)—

15           (i) in the first sentence, by inserting  
16           “under section 2005” before “in such  
17           amounts”; and

18           (ii) in the second sentence, by inserting  
19           “under section 2005” before “in excess of  
20           such amount.”; and

21           (C) in subsection (c), by inserting “or  
22           2011(e)(4)(E)” after “section 2005(d)(5)”.

1 **SEC. 402. ASSUMED FEDERAL INCOME TAX ON COMPETI-**  
2 **TIVE PRODUCTS INCOME.**

3 *Subchapter II of chapter 36 of title 39, United States*  
4 *Code, as amended by section 202, is amended by adding*  
5 *at the end the following:*

6 **“§3634. Assumed Federal income tax on competitive**  
7 **products income**

8 *“(a) DEFINITIONS.—For purposes of this section—*

9 *“(1) the term ‘assumed Federal income tax on*  
10 *competitive products income’ means the net income*  
11 *tax that would be imposed by chapter 1 of the Inter-*  
12 *nal Revenue Code of 1986 on the Postal Service’s as-*  
13 *sumed taxable income from competitive products for*  
14 *the year; and*

15 *“(2) the term ‘assumed taxable income from com-*  
16 *petitive products’, with respect to a year, refers to the*  
17 *amount representing what would be the taxable in-*  
18 *come of a corporation under the Internal Revenue*  
19 *Code of 1986 for the year, if—*

20 *“(A) the only activities of such corporation*  
21 *were the activities of the Postal Service allocable*  
22 *under section 2011(h) to competitive products;*  
23 *and*

24 *“(B) the only assets held by such corpora-*  
25 *tion were the assets of the Postal Service allo-*  
26 *cable under section 2011(h) to such activities.*

1           “(b) *COMPUTATION AND TRANSFER REQUIREMENTS.*—  
 2 *The Postal Service shall, for each year beginning with the*  
 3 *year in which occurs the deadline for the Postal Service’s*  
 4 *first report to the Postal Regulatory Commission under sec-*  
 5 *tion 3652(a)—*

6                   “(1) *compute its assumed Federal income tax on*  
 7 *competitive products income for such year; and*

8                   “(2) *transfer from the Competitive Products*  
 9 *Fund to the Postal Service Fund the amount of that*  
 10 *assumed tax.*

11           “(c) *DEADLINE FOR TRANSFERS.*—*Any transfer re-*  
 12 *quired to be made under this section for a year shall be*  
 13 *due on or before the January 15th next occurring after the*  
 14 *close of such year.”.*

15 **SEC. 403. UNFAIR COMPETITION PROHIBITED.**

16           (a) *SPECIFIC LIMITATIONS.*—*Chapter 4 of title 39,*  
 17 *United States Code, is amended by adding after section 404*  
 18 *the following:*

19 **“§ 404a. Specific limitations**

20                   “(a) *Except as specifically authorized by law, the Post-*  
 21 *al Service may not—*

22                   “(1) *establish any rule or regulation (including*  
 23 *any standard) the effect of which is to preclude com-*  
 24 *petition or establish the terms of competition unless*  
 25 *the Postal Service demonstrates that the regulation*

1        *does not create an unfair competitive advantage for*  
2        *itself or any entity funded (in whole or in part) by*  
3        *the Postal Service;*

4            *“(2) compel the disclosure, transfer, or licensing*  
5        *of intellectual property to any third party (such as*  
6        *patents, copyrights, trademarks, trade secrets, and*  
7        *proprietary information); or*

8            *“(3) obtain information from a person that pro-*  
9        *vides (or seeks to provide) any product, and then offer*  
10       *any postal service that uses or is based in whole or*  
11       *in part on such information, without the consent of*  
12       *the person providing that information, unless sub-*  
13       *stantially the same information is obtained (or ob-*  
14       *tainable) from an independent source or is otherwise*  
15       *obtained (or obtainable).*

16        *“(b) The Postal Regulatory Commission shall prescribe*  
17       *regulations to carry out this section.*

18        *“(c) Any party (including an officer of the Commis-*  
19       *sion representing the interests of the general public) who*  
20       *believes that the Postal Service has violated this section may*  
21       *bring a complaint in accordance with section 3662.”.*

22        *(b) CONFORMING AMENDMENTS.—*

23            *(1) GENERAL POWERS.—Section 401 of title 39,*  
24        *United States Code, is amended by striking “The”*

1       and inserting “Subject to the provisions of section  
2       404a, the”.

3               (2) *SPECIFIC POWERS.*—Section 404(a) of title  
4       39, *United States Code*, is amended by striking  
5       “Without” and inserting “Subject to the provisions of  
6       section 404a, but otherwise without”.

7               (c) *CLERICAL AMENDMENT.*—The analysis for chapter  
8       4 of title 39, *United States Code*, is amended by inserting  
9       after the item relating to section 404 the following:

      “404a. *Specific limitations.*”.

10   **SEC. 404. SUITS BY AND AGAINST THE POSTAL SERVICE.**

11       (a) *IN GENERAL.*—Section 409 of title 39, *United*  
12       *States Code*, is amended by striking subsections (d) and (e)  
13       and inserting the following:

14               “(d)(1) For purposes of the provisions of law cited in  
15       paragraphs (2)(A) and (2)(B), respectively, the *Postal*  
16       *Service*—

17               “(A) shall be considered to be a ‘person’, as used  
18       in the provisions of law involved; and

19               “(B) shall not be immune under any other doc-  
20       trine of sovereign immunity from suit in *Federal*  
21       court by any person for any violation of any of those  
22       provisions of law by any officer or employee of the  
23       *Postal Service*.

24               “(2) This subsection applies with respect to—



1           “(A) the Act of July 5, 1946 (commonly referred  
2           to as the ‘Trademark Act of 1946’ (15 U.S.C. 1051  
3           and following)); and

4           “(B) the provisions of section 5 of the Federal  
5           Trade Commission Act to the extent that such section  
6           5 applies to unfair or deceptive acts or practices.

7           “(e)(1) To the extent that the Postal Service, or other  
8           Federal agency acting on behalf of or in concert with the  
9           Postal Service, engages in conduct with respect to any prod-  
10          uct which is not reserved to the United States under section  
11          1696 of title 18, the Postal Service or other Federal agency  
12          (as the case may be)—

13           “(A) shall not be immune under any doctrine of  
14           sovereign immunity from suit in Federal court by  
15           any person for any violation of Federal law by such  
16           agency or any officer or employee thereof; and

17           “(B) shall be considered to be a person (as de-  
18           fined in subsection (a) of the first section of the Clay-  
19           ton Act) for purposes of—

20           “(i) the antitrust laws (as defined in such  
21           subsection); and

22           “(ii) section 5 of the Federal Trade Com-  
23           mission Act to the extent that such section 5 ap-  
24           plies to unfair methods of competition.

1 *For purposes of the preceding sentence, any private carriage*  
2 *of mail allowable by virtue of section 601 shall not be con-*  
3 *sidered a service reserved to the United States under section*  
4 *1696 of title 18.*

5       “(2) *No damages, interest on damages, costs or attor-*  
6 *ney’s fees may be recovered, and no criminal liability may*  
7 *be imposed, under the antitrust laws (as so defined) from*  
8 *any officer or employee of the Postal Service, or other Fed-*  
9 *eral agency acting on behalf of or in concert with the Postal*  
10 *Service, acting in an official capacity.*

11       “(3) *This subsection shall not apply with respect to*  
12 *conduct occurring before the date of enactment of this sub-*  
13 *section.*

14       “(f) *To the extent that the Postal Service engages in*  
15 *conduct with respect to the provision of competitive prod-*  
16 *ucts, it shall be considered a person for the purposes of the*  
17 *Federal bankruptcy laws.*

18       “(g)(1) *Each building constructed or altered by the*  
19 *Postal Service shall be constructed or altered, to the max-*  
20 *imum extent feasible as determined by the Postal Service,*  
21 *in compliance with 1 of the nationally recognized model*  
22 *building codes and with other applicable nationally recog-*  
23 *nized codes. To the extent practicable, model building codes*  
24 *should meet the voluntary consensus criteria established for*  
25 *codes and standards as required in the National Technology*

1 *Transfer and Advancement Act of 1995 as defined in Office*  
2 *of Management and Budget Circular A1190. For purposes*  
3 *of life safety, the Postal Service shall continue to comply*  
4 *with the most current edition of the Life Safety Code of*  
5 *the National Fire Protection Association (NFPA 101).*

6       “(2) *Each building constructed or altered by the Postal*  
7 *Service shall be constructed or altered only after consider-*  
8 *ation of all requirements (other than procedural require-*  
9 *ments) of zoning laws, land use laws, and applicable envi-*  
10 *ronmental laws of a State or subdivision of a State which*  
11 *would apply to the building if it were not a building con-*  
12 *structed or altered by an establishment of the Government*  
13 *of the United States.*

14       “(3) *For purposes of meeting the requirements of para-*  
15 *graphs (1) and (2) with respect to a building, the Postal*  
16 *Service shall—*

17               “(A) *in preparing plans for the building, consult*  
18 *with appropriate officials of the State or political*  
19 *subdivision, or both, in which the building will be lo-*  
20 *cated;*

21               “(B) *upon request, submit such plans in a time-*  
22 *ly manner to such officials for review by such officials*  
23 *for a reasonable period of time not exceeding 30 days;*  
24 *and*

1           “(C) permit inspection by such officials during  
2           construction or alteration of the building, in accord-  
3           ance with the customary schedule of inspections for  
4           construction or alteration of buildings in the locality,  
5           if such officials provide to the Postal Service—

6                   “(i) a copy of such schedule before construc-  
7                   tion of the building is begun; and

8                   “(ii) reasonable notice of their intention to  
9                   conduct any inspection before conducting such  
10                  inspection.

11          *Nothing in this subsection shall impose an obligation*  
12          *on any State or political subdivision to take any ac-*  
13          *tion under the preceding sentence, nor shall anything*  
14          *in this subsection require the Postal Service or any*  
15          *of its contractors to pay for any action taken by a*  
16          *State or political subdivision to carry out this sub-*  
17          *section (including reviewing plans, carrying out on-*  
18          *site inspections, issuing building permits, and mak-*  
19          *ing recommendations).*

20          “(4) Appropriate officials of a State or a political sub-  
21          division of a State may make recommendations to the Post-  
22          al Service concerning measures necessary to meet the re-  
23          quirements of paragraphs (1) and (2). Such officials may  
24          also make recommendations to the Postal Service con-  
25          cerning measures which should be taken in the construction

1 *or alteration of the building to take into account local con-*  
2 *ditions. The Postal Service shall give due consideration to*  
3 *any such recommendations.*

4       “(5) *In addition to consulting with local and State*  
5 *officials under paragraph (3), the Postal Service shall estab-*  
6 *lish procedures for soliciting, assessing, and incorporating*  
7 *local community input on real property and land use deci-*  
8 *sions.*

9       “(6) *For purposes of this subsection, the term ‘State’*  
10 *includes the District of Columbia, the Commonwealth of*  
11 *Puerto Rico, and a territory or possession of the United*  
12 *States.*

13       “(h)(1) *Notwithstanding any other provision of law,*  
14 *legal representation may not be furnished by the Depart-*  
15 *ment of Justice to the Postal Service in any action, suit,*  
16 *or proceeding arising, in whole or in part, under any of*  
17 *the following:*

18               “(A) *Subsection (d) or (e) of this section.*

19               “(B) *Subsection (f) or (g) of section 504 (relating*  
20 *to administrative subpoenas by the Postal Regulatory*  
21 *Commission).*

22               “(C) *Section 3663 (relating to appellate review).*  
23 *The Postal Service may, by contract or otherwise, employ*  
24 *attorneys to obtain any legal representation that it is pre-*

1 *cluded from obtaining from the Department of Justice*  
2 *under this paragraph.*

3       “(2) *In any circumstance not covered by paragraph*  
4 *(1), the Department of Justice shall, under section 411, fur-*  
5 *nish the Postal Service such legal representation as it may*  
6 *require, except that, with the prior consent of the Attorney*  
7 *General, the Postal Service may, in any such circumstance,*  
8 *employ attorneys by contract or otherwise to conduct litiga-*  
9 *tion brought by or against the Postal Service or its officers*  
10 *or employees in matters affecting the Postal Service.*

11       “(3)(A) *In any action, suit, or proceeding in a court*  
12 *of the United States arising in whole or in part under any*  
13 *of the provisions of law referred to in subparagraph (B)*  
14 *or (C) of paragraph (1), and to which the Commission is*  
15 *not otherwise a party, the Commission shall be permitted*  
16 *to appear as a party on its own motion and as of right.*

17       “(B) *The Department of Justice shall, under such*  
18 *terms and conditions as the Commission and the Attorney*  
19 *General shall consider appropriate, furnish the Commission*  
20 *such legal representation as it may require in connection*  
21 *with any such action, suit, or proceeding, except that, with*  
22 *the prior consent of the Attorney General, the Commission*  
23 *may employ attorneys by contract or otherwise for that pur-*  
24 *pose.*

1       “(i) A judgment against the Government of the United  
2 States arising out of activities of the Postal Service shall  
3 be paid by the Postal Service out of any funds available  
4 to the Postal Service, subject to the restriction specified in  
5 section 2011(g).”.

6       (b) *TECHNICAL AMENDMENT.*—Section 409(a) of title  
7 39, United States Code, is amended by striking “Except as  
8 provided in section 3628 of this title,” and inserting “Ex-  
9 cept as otherwise provided in this title,”.

10 **SEC. 405. INTERNATIONAL POSTAL ARRANGEMENTS.**

11       (a) *IN GENERAL.*—Section 407 of title 39, United  
12 States Code, is amended to read as follows:

13 **“§ 407. International postal arrangements**

14       “(a) It is the policy of the United States—

15               “(1) to promote and encourage communications  
16 between peoples by efficient operation of international  
17 postal services and other international delivery serv-  
18 ices for cultural, social, and economic purposes;

19               “(2) to promote and encourage unrestricted and  
20 undistorted competition in the provision of inter-  
21 national postal services and other international deliv-  
22 ery services, except where provision of such services by  
23 private companies may be prohibited by law of the  
24 United States;

1           “(3) to promote and encourage a clear distinc-  
2           tion between governmental and operational respon-  
3           sibilities with respect to the provision of international  
4           postal services; and

5           “(4) to participate in multilateral and bilateral  
6           agreements with other countries to accomplish these  
7           objectives.

8           “(b)(1) The Secretary of State shall be responsible for  
9           formulation, coordination, and oversight of foreign policy  
10          related to international postal services and shall have the  
11          power to conclude postal treaties and conventions, except  
12          that the Secretary may not conclude any postal treaty or  
13          convention if such treaty or convention would, with respect  
14          to any competitive product, grant an undue or unreason-  
15          able preference to the Postal Service, a private provider of  
16          international postal services, or any other person.

17          “(2) In carrying out the responsibilities specified in  
18          paragraph (1), the Secretary of State shall exercise primary  
19          authority for the conduct of foreign policy with respect to  
20          international postal services, including the determination  
21          of United States positions and the conduct of United States  
22          participation in negotiations with foreign governments and  
23          international bodies. In exercising this authority, the  
24          Secretary—



1           “(A) shall coordinate with other agencies as ap-  
2           propriate, and in particular, should consider the au-  
3           thority vested by law or Executive order in the Postal  
4           Regulatory Commission, the Department of Com-  
5           merce, the Department of Transportation, and the Of-  
6           fice of the United States Trade Representative in this  
7           area;

8           “(B) shall maintain continuing liaison with  
9           other executive branch agencies concerned with postal  
10          and delivery services;

11          “(C) shall maintain continuing liaison with the  
12          Committee on Homeland Security and Governmental  
13          Affairs of the Senate and the Committee on Govern-  
14          ment Reform of the House of Representatives;

15          “(D) shall maintain appropriate liaison with  
16          both representatives of the Postal Service and rep-  
17          resentatives of users and private providers of inter-  
18          national postal services and other international deliv-  
19          ery services to keep informed of their interests and  
20          problems, and to provide such assistance as may be  
21          needed to ensure that matters of concern are promptly  
22          considered by the Department of State or (if applica-  
23          ble, and to the extent practicable) other executive  
24          branch agencies; and

1           “(E) shall assist in arranging meetings of such  
2           public sector advisory groups as may be established to  
3           advise the Department of State and other executive  
4           branch agencies in connection with international  
5           postal services and international delivery services.

6           “(3) The Secretary of State shall establish an advisory  
7           committee (within the meaning of the Federal Advisory  
8           Committee Act) to perform such functions as the Secretary  
9           considers appropriate in connection with carrying out sub-  
10          paragraphs (A) through (D) of paragraph (2).

11          “(c) Before concluding any postal treaty or convention  
12          that establishes a rate or classification for a product subject  
13          to subchapter I of chapter 36, the Secretary of State shall  
14          request the Postal Regulatory Commission to submit its  
15          views on whether such rate or classification is consistent  
16          with the standards and criteria established by the Commis-  
17          sion under section 3622.

18          “(d) Nothing in this section shall be considered to pre-  
19          vent the Postal Service from entering into such commercial  
20          or operational contracts related to providing international  
21          postal services as it deems appropriate, except that—

22                  “(1) any such contract made with an agency of  
23                  a foreign government (whether under authority of this  
24                  subsection or otherwise) shall be solely contractual in

1 *nature and may not purport to be binding under*  
2 *international law; and*

3 *“(2) a copy of each such contract between the*  
4 *Postal Service and an agency of a foreign government*  
5 *shall be transmitted to the Secretary of State and the*  
6 *Postal Regulatory Commission not later than the ef-*  
7 *fective date of such contract.*

8 *“(e)(1) With respect to shipments of international mail*  
9 *that are competitive products within the meaning of section*  
10 *3631 that are exported or imported by the Postal Service,*  
11 *the Customs Service and other appropriate Federal agencies*  
12 *shall apply the customs laws of the United States and all*  
13 *other laws relating to the importation or exportation of such*  
14 *shipments in the same manner to both shipments by the*  
15 *Postal Service and similar shipments by private companies.*

16 *“(2) In exercising the authority under subsection (b)*  
17 *to conclude new postal treaties and conventions related to*  
18 *international postal services and to renegotiate such treaties*  
19 *and conventions, the Secretary of State shall, to the max-*  
20 *imum extent practicable, take such measures as are within*  
21 *the Secretary’s control to encourage the governments of*  
22 *other countries to make available to the Postal Service and*  
23 *private companies a range of nondiscriminatory customs*  
24 *procedures that will fully meet the needs of all types of*  
25 *American shippers. The Secretary of State shall consult*

1 *with the United States Trade Representative and the Com-*  
 2 *missioner of Customs in carrying out this paragraph.*

3 “(3) *The provisions of this subsection shall take effect*  
 4 *6 months after the date of enactment of this subsection or*  
 5 *such earlier date as the Customs Service may determine in*  
 6 *writing.*”.

7 (b) *EFFECTIVE DATE.*—*Notwithstanding any provi-*  
 8 *sion of the amendment made by subsection (a), the author-*  
 9 *ity of the United States Postal Service to establish the rates*  
 10 *of postage or other charges on mail matter conveyed between*  
 11 *the United States and other countries shall remain avail-*  
 12 *able to the Postal Service until—*

13 (1) *with respect to market-dominant products,*  
 14 *the date as of which the regulations promulgated*  
 15 *under section 3622 of title 39, United States Code (as*  
 16 *amended by section 201(a)) take effect; and*

17 (2) *with respect to competitive products, the date*  
 18 *as of which the regulations promulgated under section*  
 19 *3633 of title 39, United States Code (as amended by*  
 20 *section 202) take effect.*

## 21 **TITLE V—GENERAL PROVISIONS**

### 22 **SEC. 501. QUALIFICATION AND TERM REQUIREMENTS FOR** 23 **GOVERNORS.**

24 (a) *QUALIFICATIONS.*—

1           (1) *IN GENERAL.*—Section 202(a) of title 39,  
2           *United States Code, is amended by striking “(a)” and*  
3           *inserting “(a)(1)” and by striking the fourth sentence*  
4           *and inserting the following: “The Governors shall rep-*  
5           *resent the public interest generally, and shall be cho-*  
6           *sen solely on the basis of their experience in the fields*  
7           *of public service, law or accounting or on their dem-*  
8           *onstrated ability in managing organizations or cor-*  
9           *porations (in either the public or private sector) of*  
10           *substantial size. The Governors shall not be represent-*  
11           *atives of specific interests using the Postal Service,*  
12           *and may be removed only for cause.”.*

13           (2) *APPLICABILITY.*—The amendment made by  
14           *paragraph (1) shall not affect the appointment or ten-*  
15           *ure of any person serving as a Governor of the United*  
16           *States Postal Service under an appointment made be-*  
17           *fore the date of enactment of this Act however, when*  
18           *any such office becomes vacant, the appointment of*  
19           *any person to fill that office shall be made in accord-*  
20           *ance with such amendment. The requirement set forth*  
21           *in the fourth sentence of section 202(a)(1) of title 39,*  
22           *United States Code (as amended by subsection (a))*  
23           *shall be met beginning not later than 9 years after the*  
24           *date of enactment of this Act.*

1       **(b) CONSULTATION REQUIREMENT.**—Section 202(a) of  
2 *title 39, United States Code, is amended by adding at the*  
3 *end the following:*

4       “(2) *In selecting the individuals described in para-*  
5 *graph (1) for nomination for appointment to the position*  
6 *of Governor, the President should consult with the Speaker*  
7 *of the House of Representatives, the minority leader of the*  
8 *House of Representatives, the majority leader of the Senate,*  
9 *and the minority leader of the Senate.”.*

10       **(c) 7-YEAR TERMS.**—

11           **(1) IN GENERAL.**—Section 202(b) of title 39,  
12 *United States code, is amended in the first sentence*  
13 *by striking “9 years” and inserting “7 years”.*

14           **(2) APPLICABILITY.**—

15           **(A) CONTINUATION BY INCUMBENTS.**—*The*  
16 *amendment made by paragraph (1) shall not af-*  
17 *fect the tenure of any person serving as a Gov-*  
18 *ernor of the United States Postal Service on the*  
19 *date of enactment of this Act and such person*  
20 *may continue to serve the remainder of the ap-*  
21 *plicable term.*

22           **(B) VACANCY BY INCUMBENT BEFORE 5**  
23 **YEARS OF SERVICE.**—*If a person who is serving*  
24 *as a Governor of the United States Postal Serv-*  
25 *ice on the date of enactment of this Act resigns,*

1           *is removed, or dies before the expiration of the 9-*  
2           *year term of that Governor, and that Governor*  
3           *has served less than 5 years of that term, the re-*  
4           *sulting vacancy in office shall be treated as a va-*  
5           *cancy in a 5-year term.*

6           (C) *VACANCY BY INCUMBENT AFTER 5*  
7           *YEARS OF SERVICE.—If a person who is serving*  
8           *as a Governor of the United States Postal Serv-*  
9           *ice on the date of enactment of this Act resigns,*  
10           *is removed, or dies before the expiration of the 9-*  
11           *year term of that Governor, and that Governor*  
12           *has served 5 years or more of that term, that*  
13           *term shall be deemed to have been a 5-year term*  
14           *beginning on its commencement date for pur-*  
15           *poses of determining vacancies in office. Any ap-*  
16           *pointment to the vacant office shall be for a 5-*  
17           *year term beginning at the end of the original 9-*  
18           *year term determined without regard to the*  
19           *deeming under the preceding sentence. Nothing*  
20           *in this subparagraph shall be construed to affect*  
21           *any action or authority of any Governor or the*  
22           *Board of Governors during any portion of a 9-*  
23           *year term deemed to be 5-year term under this*  
24           *subparagraph.*

25           (d) *TERM LIMITATION.—*

1           (1) *IN GENERAL.*—Section 202(b) of title 39,  
2           *United States Code, is amended—*

3                     (A) *by inserting “(1)” after “(b)”;* and

4                     (B) *by adding at the end the following:*

5                     “(2) *No person may serve more than 2 terms as*  
6                     *a Governor.”.*

7           (2) *APPLICABILITY.*—*The amendments made by*  
8           *paragraph (1) shall not affect the tenure of any per-*  
9           *son serving as a Governor of the United States Postal*  
10           *Service on the date of enactment of this Act with re-*  
11           *spect to the term which that person is serving on that*  
12           *date. Such person may continue to serve the remain-*  
13           *der of the applicable term, after which the amend-*  
14           *ments made by paragraph (1) shall apply.*

15 **SEC. 502. OBLIGATIONS.**

16           (a) *PURPOSES FOR WHICH OBLIGATIONS MAY BE*  
17           *ISSUED.*—*The first sentence of section 2005(a)(1) of title*  
18           *39, United States Code, is amended by striking “title.” and*  
19           *inserting “title, other than any of the purposes for which*  
20           *the corresponding authority is available to the Postal Serv-*  
21           *ice under section 2011.”.*

22           (b) *INCREASE RELATING TO OBLIGATIONS ISSUED FOR*  
23           *CAPITAL IMPROVEMENTS.*—*Section 2005(a)(1) of title 39,*  
24           *United States Code, is amended by striking the third sen-*  
25           *tence.*



1       (c) *AMOUNTS WHICH MAY BE PLEDGED.*—

2           (1) *OBLIGATIONS TO WHICH PROVISIONS*  
3 *APPLY.*—*The first sentence of section 2005(b) of title*  
4 *39, United States Code, is amended by striking “such*  
5 *obligations,” and inserting “obligations issued by the*  
6 *Postal Service under this section.”.*

7           (2) *ASSETS, REVENUES, AND RECEIPTS TO*  
8 *WHICH PROVISIONS APPLY.*—*Subsection (b) of section*  
9 *2005 of title 39, United States Code, is amended by*  
10 *striking “(b)” and inserting “(b)(1)”, and by adding*  
11 *at the end the following:*

12       “(2) *Notwithstanding any other provision of this*  
13 *section—*

14           “(A) *the authority to pledge assets of the Postal*  
15 *Service under this subsection shall be available only*  
16 *to the extent that such assets are not related to the*  
17 *provision of competitive products (as determined*  
18 *under section 2011(h) or, for purposes of any period*  
19 *before accounting practices and principles under sec-*  
20 *tion 2011(h) have been established and applied, the*  
21 *best information available from the Postal Service,*  
22 *including the audited statements required by section*  
23 *2008(e)); and*

24           “(B) *any authority under this subsection relat-*  
25 *ing to the pledging or other use of revenues or receipts*

1        *of the Postal Service shall be available only to the ex-*  
2        *tent that they are not revenues or receipts of the Com-*  
3        *petitive Products Fund.”.*

4        **SEC. 503. PRIVATE CARRIAGE OF LETTERS.**

5        *(a) IN GENERAL.—Section 601 of title 39, United*  
6        *States Code, is amended by striking subsection (b) and in-*  
7        *serting the following:*

8        *“(b) A letter may also be carried out of the mails*  
9        *when—*

10            *“(1) the amount paid for the private carriage of*  
11            *the letter is at least the amount equal to 6 times the*  
12            *rate then currently charged for the 1st ounce of a sin-*  
13            *gle-piece first class letter;*

14            *“(2) the letter weighs at least 12½ ounces; or*

15            *“(3) such carriage is within the scope of services*  
16            *described by regulations of the United States Postal*  
17            *Service (as in effect on July 1, 2001) that permit pri-*  
18            *vate carriage by suspension of the operation of this*  
19            *section (as then in effect).*

20            *“(c) Any regulations necessary to carry out this section*  
21            *shall be promulgated by the Postal Regulatory Commis-*  
22            *sion.”.*

23            *(b) EFFECTIVE DATE.—This section shall take effect*  
24            *on the date as of which the regulations promulgated under*

1 *section 3633 of title 39, United States Code (as amended*  
2 *by section 202) take effect.*

3 **SEC. 504. RULEMAKING AUTHORITY.**

4 *Paragraph (2) of section 401 of title 39, United States*  
5 *Code, is amended to read as follows:*

6 *“(2) to adopt, amend, and repeal such rules and*  
7 *regulations, not inconsistent with this title, as may be*  
8 *necessary in the execution of its functions under this*  
9 *title and such other functions as may be assigned to*  
10 *the Postal Service under any provisions of law out-*  
11 *side of this title;”.*

12 **SEC. 505. NONINTERFERENCE WITH COLLECTIVE BAR-**  
13 **GAINING AGREEMENTS.**

14 *(a) LABOR DISPUTES.—Section 1207 of title 39,*  
15 *United States Code, is amended to read as follows:*

16 **“§ 1207. Labor disputes**

17 *“(a) If there is a collective-bargaining agreement in*  
18 *effect, no party to such agreement shall terminate or modify*  
19 *such agreement unless the party desiring such termination*  
20 *or modification serves written notice upon the other party*  
21 *to the agreement of the proposed termination or modifica-*  
22 *tion not less than 90 days prior to the expiration date there-*  
23 *of, or not less than 90 days prior to the time it is proposed*  
24 *to make such termination or modification. The party serv-*  
25 *ing such notice shall notify the Federal Mediation and Con-*

1 *ciliation Service of the existence of a dispute within 45 days*  
2 *after such notice, if no agreement has been reached by that*  
3 *time.*

4       “(b) *If the parties fail to reach agreement or to adopt*  
5 *a procedure providing for a binding resolution of a dispute*  
6 *by the expiration date of the agreement in effect, or the date*  
7 *of the proposed termination or modification, the Director*  
8 *of the Federal Mediation and Conciliation Service shall*  
9 *within 10 days appoint a mediator of nationwide reputa-*  
10 *tion and professional stature, and who is also a member*  
11 *of the National Academy of Arbitrators. The parties shall*  
12 *cooperate with the mediator in an effort to reach an agree-*  
13 *ment and shall meet and negotiate in good faith at such*  
14 *times and places that the mediator, in consultation with*  
15 *the parties, shall direct.*

16       “(c)(1) *If no agreement is reached within 60 days after*  
17 *the expiration or termination of the agreement or the date*  
18 *on which the agreement became subject to modification*  
19 *under subsection (a) of this section, or if the parties decide*  
20 *upon arbitration but do not agree upon the procedures*  
21 *therefore, an arbitration board shall be established con-*  
22 *sisting of 3 members, 1 of whom shall be selected by the*  
23 *Postal Service, 1 by the bargaining representative of the*  
24 *employees, and the third by the 2 thus selected. If either*  
25 *of the parties fails to select a member, or if the members*

1 *chosen by the parties fail to agree on the third person with-*  
2 *in 5 days after their first meeting, the selection shall be*  
3 *made from a list of names provided by the Director. This*  
4 *list shall consist of not less than 9 names of arbitrators of*  
5 *nationwide reputation and professional nature, who are*  
6 *also members of the National Academy of Arbitrators, and*  
7 *whom the Director has determined are available and will-*  
8 *ing to serve.*

9       “(2) *The arbitration board shall give the parties a full*  
10 *and fair hearing, including an opportunity to present evi-*  
11 *dence in support of their claims, and an opportunity to*  
12 *present their case in person, by counsel or by other rep-*  
13 *resentative as they may elect. Decisions of the arbitration*  
14 *board shall be conclusive and binding upon the parties. The*  
15 *arbitration board shall render its decision within 45 days*  
16 *after its appointment.*

17       “(3) *Costs of the arbitration board and mediation shall*  
18 *be shared equally by the Postal Service and the bargaining*  
19 *representative.*

20       “(d) *In the case of a bargaining unit whose recognized*  
21 *collective-bargaining representative does not have an agree-*  
22 *ment with the Postal Service, if the parties fail to reach*  
23 *the agreement within 90 days after the commencement of*  
24 *collective bargaining, a mediator shall be appointed in ac-*  
25 *cordance with the terms in subsection (b) of this section,*

1 *unless the parties have previously agreed to another proce-*  
2 *cedure for a binding resolution of their differences. If the par-*  
3 *ties fail to reach agreement within 180 days after the com-*  
4 *mencement of collective bargaining, and if they have not*  
5 *agreed to another procedure for binding resolution, an arbi-*  
6 *tration board shall be established to provide conclusive and*  
7 *binding arbitration in accordance with the terms of sub-*  
8 *section (c) of this section.”.*

9       (b) *NONINTERFERENCE WITH COLLECTIVE BAR-*  
10 *GAINING AGREEMENTS.—Except as otherwise provided by*  
11 *the amendment made by subsection (a), nothing in this Act*  
12 *shall restrict, expand, or otherwise affect any of the rights,*  
13 *privileges, or benefits of either employees of or labor organi-*  
14 *zations representing employees of the United States Postal*  
15 *Service under chapter 12 of title 39, United States Code,*  
16 *the National Labor Relations Act, any handbook or manual*  
17 *affecting employee labor relations within the United States*  
18 *Postal Service, or any collective bargaining agreement.*

19       (c) *FREE MAILING PRIVILEGES CONTINUE UN-*  
20 *CHANGED.—Nothing in this Act or any amendment made*  
21 *by this Act shall affect any free mailing privileges accorded*  
22 *under section 3217 or sections 3403 through 3406 of title*  
23 *39, United States Code.*

1 **SEC. 506. BONUS AUTHORITY.**

2 Chapter 36 of title 39, United States Code, is amended  
3 by inserting after section 3685 the following:

4 **“§ 3686. Bonus authority**

5 “(a) *IN GENERAL.*—The Postal Service may establish  
6 1 or more programs to provide bonuses or other rewards  
7 to officers and employees of the Postal Service in senior ex-  
8 ecutive or equivalent positions to achieve the objectives of  
9 this chapter.

10 “(b) *LIMITATION ON TOTAL COMPENSATION.*—

11 “(1) *IN GENERAL.*—Under any such program,  
12 the Postal Service may award a bonus or other re-  
13 ward in excess of the limitation set forth in the last  
14 sentence of section 1003(a), if such program has been  
15 approved under paragraph (2). Any such award or  
16 bonus may not cause the total compensation of such  
17 officer or employee to exceed the total annual com-  
18 pensation payable to the Vice President under section  
19 104 of title 3 as of the end of the calendar year in  
20 which the bonus or award is paid.

21 “(2) *APPROVAL PROCESS.*—If the Postal Service  
22 wishes to have the authority, under any program de-  
23 scribed in subsection (a), to award bonuses or other  
24 rewards in excess of the limitation set forth in the last  
25 sentence of section 1003(a)—

1           “(A) *the Postal Service shall make an ap-*  
2           *propriate request to the Board of Governors of*  
3           *the Postal Service in such form and manner as*  
4           *the Board requires; and*

5           “(B) *the Board of Governors shall approve*  
6           *any such request if the Board certifies, for the*  
7           *annual appraisal period involved, that the per-*  
8           *formance appraisal system for affected officers*  
9           *and employees of the Postal Service (as designed*  
10          *and applied) makes meaningful distinctions*  
11          *based on relative performance.*

12          “(3) *REVOCATION AUTHORITY.—If the Board of*  
13          *Governors of the Postal Service finds that a perform-*  
14          *ance appraisal system previously approved under*  
15          *paragraph (2)(B) does not (as designed and applied)*  
16          *make meaningful distinctions based on relative per-*  
17          *formance, the Board may revoke or suspend the au-*  
18          *thority of the Postal Service to continue a program*  
19          *approved under paragraph (2) until such time as ap-*  
20          *propriate corrective measures have, in the judgment of*  
21          *the Board, been taken.*

22          “(c) *REPORTING REQUIREMENT RELATING TO BO-*  
23          *NUSES OR OTHER REWARDS.—Included in its comprehen-*  
24          *sive statement under section 2401(e) for any period shall*  
25          *be—*



1           “(1) the name of each person receiving a bonus  
2           or other reward during such period which would not  
3           have been allowable but for the provisions of sub-  
4           section (b);

5           “(2) the amount of the bonus or other reward;  
6           and

7           “(3) the amount by which the limitation referred  
8           to in subsection (b)(1) was exceeded as a result of  
9           such bonus or other reward.”.

10                           **TITLE VI—ENHANCED**  
11                           **REGULATORY COMMISSION**

12   **SEC. 601. REORGANIZATION AND MODIFICATION OF CER-**  
13                           **TAIN PROVISIONS RELATING TO THE POSTAL**  
14                           **REGULATORY COMMISSION.**

15           (a) *TRANSFER AND REDESIGNATION.*—Title 39,  
16 *United States Code, is amended—*

17                           (1) *by inserting after chapter 4 the following:*

18                           **“CHAPTER 5—POSTAL REGULATORY**  
19                           **COMMISSION**

“Sec.

“501. *Establishment.*

“502. *Commissioners.*

“503. *Rules; regulations; procedures.*

“504. *Administration.*

“505. *Officer of the Postal Regulatory Commission representing the general public.*

1 **“§ 501. Establishment**

2       *“The Postal Regulatory Commission is an independent*  
3 *establishment of the executive branch of the Government of*  
4 *the United States.*

5 **“§ 502. Commissioners**

6       *“(a) The Postal Regulatory Commission is composed*  
7 *of 5 Commissioners, appointed by the President, by and*  
8 *with the advice and consent of the Senate. The Commis-*  
9 *sioners shall be chosen solely on the basis of their technical*  
10 *qualifications, professional standing, and demonstrated ex-*  
11 *pertise in economics, accounting, law, or public adminis-*  
12 *tration, and may be removed by the President only for*  
13 *cause. Each individual appointed to the Commission shall*  
14 *have the qualifications and expertise necessary to carry out*  
15 *the enhanced responsibilities accorded Commissioners under*  
16 *the Postal Accountability and Enhancement Act. Not more*  
17 *than 3 of the Commissioners may be adherents of the same*  
18 *political party.*

19       *“(b) No Commissioner shall be financially interested*  
20 *in any enterprise in the private sector of the economy en-*  
21 *gaged in the delivery of mail matter.*

22       *“(c) A Commissioner may continue to serve after the*  
23 *expiration of his term until his successor has qualified, ex-*  
24 *cept that a Commissioner may not so continue to serve for*  
25 *more than 1 year after the date upon which his term other-*  
26 *wise would expire under subsection (f).*

1       “(d) One of the Commissioners shall be designated as  
2 Chairman by, and shall serve in the position of Chairman  
3 at the pleasure of, the President.

4       “(e) The Commissioners shall by majority vote des-  
5 ignate a Vice Chairman of the Commission. The Vice Chair-  
6 man shall act as Chairman of the Commission in the ab-  
7 sence of the Chairman.

8       “(f) The Commissioners shall serve for terms of 6  
9 years.”;

10           (2) by striking, in subchapter I of chapter 36 (as  
11 in effect before the amendment made by section  
12 201(c)), the heading for such subchapter I and all  
13 that follows through section 3602;

14           (3) by redesignating sections 3603 and 3604 as  
15 sections 503 and 504, respectively, and transferring  
16 such sections to the end of chapter 5 (as inserted by  
17 paragraph (1)); and

18           (4) by adding after such section 504 the fol-  
19 lowing:

20       **“§ 505. Officer of the Postal Regulatory Commission**  
21                               **representing the general public**

22       “The Postal Regulatory Commission shall designate an  
23 officer of the Postal Regulatory Commission in all public  
24 proceedings who shall represent the interests of the general  
25 public.”.

1       (b) *APPLICABILITY.*—*The amendment made by sub-*  
 2 *section (a)(1) shall not affect the appointment or tenure of*  
 3 *any person serving as a Commissioner on the Postal Regu-*  
 4 *latory Commission (as so redesignated by section 604)*  
 5 *under an appointment made before the date of enactment*  
 6 *of this Act or any nomination made before that date, but,*  
 7 *when any such office becomes vacant, the appointment of*  
 8 *any person to fill that office shall be made in accordance*  
 9 *with such amendment.*

10       (c) *CLERICAL AMENDMENT.*—*The analysis for part I*  
 11 *of title 39, United States Code, is amended by inserting*  
 12 *after the item relating to chapter 4 the following:*

**“5. Postal Regulatory Commission ..... 501”**

13 **SEC. 602. AUTHORITY FOR POSTAL REGULATORY COMMIS-**  
 14 **SION TO ISSUE SUBPOENAS.**

15       *Section 504 of title 39, United States Code (as so redes-*  
 16 *ignated by section 601) is amended by adding at the end*  
 17 *the following:*

18       “(f)(1) *Any Commissioner of the Postal Regulatory*  
 19 *Commission, any administrative law judge appointed by*  
 20 *the Commission under section 3105 of title 5, and any em-*  
 21 *ployee of the Commission designated by the Commission*  
 22 *may administer oaths, examine witnesses, take depositions,*  
 23 *and receive evidence.*

24       “(2) *The Chairman of the Commission, any Commis-*  
 25 *sioner designated by the Chairman, and any administrative*

1 *law judge appointed by the Commission under section 3105*  
2 *of title 5 may, with respect to any proceeding conducted*  
3 *by the Commission under this title or to obtain information*  
4 *to be used to prepare a report under this title—*

5           “(A) *issue subpoenas requiring the attendance*  
6           *and presentation of testimony by, or the production*  
7           *of documentary or other evidence in the possession of,*  
8           *any covered person; and*

9           “(B) *order the taking of depositions and re-*  
10          *sponses to written interrogatories by a covered person.*  
11 *The written concurrence of a majority of the Commissioners*  
12 *then holding office shall, with respect to each subpoena*  
13 *under subparagraph (A), be required in advance of its*  
14 *issuance.*

15          “(3) *In the case of contumacy or failure to obey a sub-*  
16 *poena issued under this subsection, upon application by the*  
17 *Commission, the district court of the United States for the*  
18 *district in which the person to whom the subpoena is ad-*  
19 *dressed resides or is served may issue an order requiring*  
20 *such person to appear at any designated place to testify*  
21 *or produce documentary or other evidence. Any failure to*  
22 *obey the order of the court may be punished by the court*  
23 *as a contempt thereof.*

1           “(4) For purposes of this subsection, the term ‘covered  
2 person’ means an officer, employee, agent, or contractor of  
3 the Postal Service.

4           “(g)(1) If the Postal Service determines that any docu-  
5 ment or other matter it provides to the Postal Regulatory  
6 Commission under a subpoena issued under subsection (f),  
7 or otherwise at the request of the Commission in connection  
8 with any proceeding or other purpose under this title, con-  
9 tains information which is described in section 410(c) of  
10 this title, or exempt from public disclosure under section  
11 552(b) of title 5, the Postal Service shall, at the time of  
12 providing such matter to the Commission, notify the Com-  
13 mission, in writing, of its determination (and the reasons  
14 therefor).

15           “(2) Except as provided in paragraph (3), no officer  
16 or employee of the Commission may, with respect to any  
17 information as to which the Commission has been notified  
18 under paragraph (1)—

19                 “(A) use such information for purposes other  
20 than the purposes for which it is supplied; or

21                 “(B) permit anyone who is not an officer or em-  
22 ployee of the Commission to have access to any such  
23 information.

24           “(3)(A) Paragraph (2) shall not prohibit the  
25 Commission from publicly disclosing relevant infor-

1        *mation in furtherance of its duties under this title,*  
2        *provided that the Commission has adopted regula-*  
3        *tions under section 553 of title 5, that establish a pro-*  
4        *cedure for according appropriate confidentiality to*  
5        *information identified by the Postal Service under*  
6        *paragraph (1). In determining the appropriate degree*  
7        *of confidentiality to be accorded information identi-*  
8        *fied by the Postal Service under paragraph (1), the*  
9        *Commission shall balance the nature and extent of the*  
10       *likely commercial injury to the Postal Service against*  
11       *the public interest in maintaining the financial*  
12       *transparency of a government establishment com-*  
13       *peting in commercial markets.*

14                *“(B) Paragraph (2) shall not prevent the Com-*  
15        *mission from requiring production of information in*  
16        *the course of any discovery procedure established in*  
17        *connection with a proceeding under this title. The*  
18        *Commission shall, by regulations based on rule 26(c)*  
19        *of the Federal Rules of Civil Procedure, establish pro-*  
20        *cedures for ensuring appropriate confidentiality for*  
21        *information furnished to any party.”.*

1 **SEC. 603. AUTHORIZATION OF APPROPRIATIONS FROM THE**  
2 **POSTAL SERVICE FUND.**

3 (a) *POSTAL REGULATORY COMMISSION.*—Subsection  
4 (d) of section 504 of title 39, United States Code (as so  
5 redesignated by section 601) is amended to read as follows:

6 “(d) There are authorized to be appropriated, out of  
7 the Postal Service Fund, such sums as may be necessary  
8 for the Postal Regulatory Commission. In requesting an ap-  
9 propriation under this subsection for a fiscal year, the Com-  
10 mission shall prepare and submit to the Congress under sec-  
11 tion 2009 a budget of the Commission’s expenses, including  
12 expenses for facilities, supplies, compensation, and em-  
13 ployee benefits.”.

14 (b) *OFFICE OF INSPECTOR GENERAL OF THE UNITED*  
15 *STATES POSTAL SERVICE.*—Section 8G(f) of the Inspector  
16 General Act of 1978 (5 U.S.C. App.) is amended—

17 (1) by redesignating paragraph (4) as para-  
18 graph (5);

19 (2) by redesignating the second paragraph (3)  
20 (relating to employees and labor organizations) as  
21 paragraph (4); and

22 (3) by adding at the end the following:

23 “(6) There are authorized to be appropriated,  
24 out of the Postal Service Fund, such sums as may be  
25 necessary for the Office of Inspector General of the  
26 United States Postal Service.”.



1       (c) *BUDGET PROGRAM.*—

2           (1) *IN GENERAL.*—*The next to last sentence of*  
3 *section 2009 of title 39, United States Code, is*  
4 *amended to read as follows: “The budget program*  
5 *shall also include separate statements of the amounts*  
6 *which (1) the Postal Service requests to be appro-*  
7 *propriated under subsections (b) and (c) of section 2401,*  
8 *(2) the Office of Inspector General of the United*  
9 *States Postal Service requests to be appropriated, out*  
10 *of the Postal Service Fund, under section 8G(f) of the*  
11 *Inspector General Act of 1978, and (3) the Postal*  
12 *Regulatory Commission requests to be appropriated,*  
13 *out of the Postal Service Fund, under section 504(d)*  
14 *of this title.”.*

15           (2)       *CONFORMING        AMENDMENT.*—*Section*  
16 *2003(e)(1) of title 39, United States Code, is amended*  
17 *by striking the first sentence and inserting the fol-*  
18 *lowing: “The Fund shall be available for the payment*  
19 *of (A) all expenses incurred by the Postal Service in*  
20 *carrying out its functions as provided by law, subject*  
21 *to the same limitation as set forth in the parenthet-*  
22 *ical matter under subsection (a); (B) all expenses of*  
23 *the Postal Regulatory Commission, subject to the*  
24 *availability of amounts appropriated under section*  
25 *504(d); and (C) all expenses of the Office of Inspector*

1       *General, subject to the availability of amounts appro-*  
 2       *propriated under section 8G(f) of the Inspector General*  
 3       *Act of 1978.”.*

4       *(d) EFFECTIVE DATE.—*

5           *(1) IN GENERAL.—The amendments made by*  
 6       *this section shall apply with respect to fiscal years be-*  
 7       *ginning on or after October 1, 2005.*

8           *(2) SAVINGS PROVISION.—The provisions of title*  
 9       *39, United States Code, and the Inspector General*  
 10       *Act of 1978 (5 U.S.C. App.) that are amended by this*  
 11       *section shall, for purposes of any fiscal year before the*  
 12       *first fiscal year to which the amendments made by*  
 13       *this section apply, continue to apply in the same way*  
 14       *as if this section had never been enacted.*

15   **SEC. 604. REDESIGNATION OF THE POSTAL RATE COMMIS-**  
 16                                   **SION.**

17       *(a) AMENDMENTS TO TITLE 39, UNITED STATES*  
 18       *CODE.—Title 39, United States Code, is amended in sec-*  
 19       *tions 404, 503 and 504 (as so redesignated by section 601),*  
 20       *1001 and 1002, by striking “Postal Rate Commission” each*  
 21       *place it appears and inserting “Postal Regulatory Commis-*  
 22       *sion”;*

23       *(b) AMENDMENTS TO TITLE 5, UNITED STATES*  
 24       *CODE.—Title 5, United States Code, is amended in sections*  
 25       *104(1), 306(f), 2104(b), 3371(3), 5314 (in the item relating*

1 to Chairman, Postal Rate Commission), 5315 (in the item  
2 relating to Members, Postal Rate Commission),  
3 5514(a)(5)(B), 7342(a)(1)(A), 7511(a)(1)(B)(vi),  
4 8402(c)(1), 8423(b)(1)(B), and 8474(c)(4) by striking  
5 “Postal Rate Commission” and inserting “Postal Regu-  
6 latory Commission”.

7 (c) AMENDMENT TO THE ETHICS IN GOVERNMENT ACT  
8 OF 1978.—Section 101(f)(6) of the Ethics in Government  
9 Act of 1978 (5 U.S.C. App.) is amended by striking “Postal  
10 Rate Commission” and inserting “Postal Regulatory Com-  
11 mission”.

12 (d) AMENDMENT TO THE REHABILITATION ACT OF  
13 1973.—Section 501(b) of the Rehabilitation Act of 1973 (29  
14 U.S.C. 791(b)) is amended by striking “Postal Rate Office”  
15 and inserting “Postal Regulatory Commission”.

16 (e) AMENDMENT TO TITLE 44, UNITED STATES  
17 CODE.—Section 3502(5) of title 44, United States Code, is  
18 amended by striking “Postal Rate Commission” and insert-  
19 ing “Postal Regulatory Commission”.

20 (f) OTHER REFERENCES.—Whenever a reference is  
21 made in any provision of law (other than this Act or a  
22 provision of law amended by this Act), regulation, rule, doc-  
23 ument, or other record of the United States to the Postal  
24 Rate Commission, such reference shall be considered a ref-  
25 erence to the Postal Regulatory Commission.

1 **SEC. 605. FINANCIAL TRANSPARENCY.**

2 (a) *IN GENERAL.*—Section 101 of title 39, United  
3 States Code, is amended—

4 (1) by redesignating subsections (d) through (g)  
5 as subsections (e) through (h), respectively; and

6 (2) by inserting after subsection (c) the fol-  
7 lowing:

8 “(d) *As an independent establishment of the executive*  
9 *branch of the Government of the United States, the Postal*  
10 *Service shall be subject to a high degree of transparency*  
11 *to ensure fair treatment of customers of the Postal Service’s*  
12 *market-dominant products and companies competing with*  
13 *the Postal Service’s competitive products.”.*

14 (b) *FINANCIAL REPORTING REQUIREMENTS AND EN-*  
15 *FORCEMENT POWERS APPLICABLE TO POSTAL SERVICE.*—  
16 Section 503 of title 39, United States Code (as so redesign-  
17 ated by section 601 and 604) is amended by—

18 (1) inserting “(a)” before “The Postal Regu-  
19 latory Commission shall promulgate”; and

20 (2) adding at the end the following:

21 “(b)(1) *Beginning with the first full fiscal year fol-*  
22 *lowing the date of enactment of the Postal Accountability*  
23 *and Enhancement Act, the Postal Service shall file with the*  
24 *Postal Regulatory Commission —*

25 “(A) *within 35 days after the end of each fiscal*  
26 *quarter, a quarterly report containing the informa-*

1        *tion prescribed in Form 10–Q of the Securities and*  
2        *Exchange Commission under section 13 of the Securi-*  
3        *ties Exchange Act of 1934 (15 U.S.C. 78m), or any*  
4        *revised or successor form;*

5                *“(B) within 60 days after the end of each fiscal*  
6        *year, an annual report containing the information*  
7        *prescribed in Form 10–K of the Securities and Ex-*  
8        *change Commission under section 13 of the Securities*  
9        *Exchange Act of 1934 (15 U.S.C. 78m), or any re-*  
10        *vised or successor form; and*

11                *“(C) periodic reports within the time frame and*  
12        *containing the information prescribed in Form 8–K*  
13        *of the Securities and Exchange Commission under*  
14        *section 13 of the Securities Exchange Act of 1934 (15*  
15        *U.S.C. 78m), or any revised or successor form.*

16                *“(2) For purposes of preparing the reports required*  
17        *under paragraph (1), the Postal Service shall be deemed to*  
18        *be the registrant described in the Securities and Exchange*  
19        *Commission forms, and references contained in such forms*  
20        *to Securities and Exchange Commission regulations are ap-*  
21        *plicable.*

22                *“(3) For purposes of preparing the reports required*  
23        *under paragraph (1), the Postal Service shall comply with*  
24        *the rules prescribed by the Securities and Exchange Com-*  
25        *mission implementing section 404 of the Sarbanes-Oxley*

1 *Act of 2002 (15 U.S.C. 7262; Public Law 107–204) begin-*  
2 *ning with fiscal year 2007 and in each fiscal year there-*  
3 *after.*

4       “(c)(1) *The reports required under subsection (b)(1)(B)*  
5 *shall include, with respect to the financial obligations of*  
6 *the Postal Service under chapters 83, 84, and 89 of title*  
7 *5 for retirees of the Postal Service—*

8               “(A) *the funded status of such obligations of the*  
9 *Postal Service;*

10              “(B) *components of the net change in the fund*  
11 *balances and obligations and the nature and cause of*  
12 *any significant changes;*

13              “(C) *components of net periodic costs;*

14              “(D) *cost methods and assumptions underlying*  
15 *the relevant actuarial valuations;*

16              “(E) *the effect of a one-percentage point increase*  
17 *in the assumed health care cost trend rate for each fu-*  
18 *ture year on the service and interest costs components*  
19 *of net periodic cost and the accumulated obligation of*  
20 *the Postal Service under chapter 89 of title 5 for re-*  
21 *tirees of the Postal Service;*

22              “(F) *actual contributions to and payments from*  
23 *the funds for the years presented and the estimated*  
24 *future contributions and payments for each of the fol-*  
25 *lowing 5 years;*

1           “(G) the composition of plan assets reflected in  
2           the fund balances; and

3           “(H) the assumed rate of return on fund bal-  
4           ances and the actual rates of return for the years pre-  
5           sented.

6           “(2)(A) Beginning with the fiscal year 2007 and in  
7           each fiscal year thereafter, for purposes of the reports re-  
8           quired under subsection (b)(1) (A) and (B), the Postal Serv-  
9           ice shall include segment reporting.

10          “(B) The Postal Service shall determine the appro-  
11          priate segment reporting under subparagraph (A), after  
12          consultation with the Postal Regulatory Commission.

13          “(d) For purposes of the annual reports required under  
14          subsection (b)(1)(B), the Postal Service shall obtain an  
15          opinion from an independent auditor on whether the infor-  
16          mation listed under subsection (c) is fairly stated in all  
17          material respects, either in relation to the basic financial  
18          statements as a whole or on a stand-alone basis.

19          “(e) The Postal Regulatory Commission shall have ac-  
20          cess to the audit documentation and any other supporting  
21          matter of the Postal Service and its independent auditor  
22          in connection with any information submitted under sub-  
23          section (b)(1)(B).

24          “(f) The Postal Regulatory Commission may, on its  
25          own motion or on request of an interested party, initiate

1 *proceedings (to be conducted in accordance with regulations*  
 2 *that the Commission shall prescribe) to improve the quality,*  
 3 *accuracy, or completeness of Postal Service data required*  
 4 *by the Commission under this section whenever it shall ap-*  
 5 *pear that the data—*

6           “(1) *have become significantly inaccurate;*

7           “(2) *can be significantly improved; or*

8           “(3) *are not cost beneficial.”.*

## 9           **TITLE VII—EVALUATIONS**

### 10 **SEC. 701. ASSESSMENTS OF RATEMAKING, CLASSIFICATION,** 11 **AND OTHER PROVISIONS.**

12           (a) *IN GENERAL.—The Postal Regulatory Commission*  
 13 *shall, at least every 3 years, submit a report to the President*  
 14 *and Congress concerning—*

15           (1) *the operation of the amendments made by*  
 16 *this Act; and*

17           (2) *recommendations for any legislation or other*  
 18 *measures necessary to improve the effectiveness or effi-*  
 19 *ciency of the postal laws of the United States.*

20           (b) *POSTAL SERVICE VIEWS.—A report under this sec-*  
 21 *tion shall be submitted only after reasonable opportunity*  
 22 *has been afforded to the Postal Service to review the report*  
 23 *and to submit written comments on the report. Any com-*  
 24 *ments timely received from the Postal Service under the pre-*



1 *ceding sentence shall be attached to the report submitted*  
2 *under subsection (a).*

3 **SEC. 702. REPORT ON UNIVERSAL POSTAL SERVICE AND**  
4 **THE POSTAL MONOPOLY.**

5 *(a) REPORT BY THE POSTAL REGULATORY COMMIS-*  
6 *SION.—*

7 *(1) IN GENERAL.—Not later than 24 months*  
8 *after the date of enactment of this Act, the Postal Reg-*  
9 *ulatory Commission shall submit a report to the*  
10 *President and Congress on universal postal service*  
11 *and the postal monopoly in the United States (in this*  
12 *section referred to as “universal service and the postal*  
13 *monopoly”), including the monopoly on the delivery*  
14 *of mail and on access to mailboxes.*

15 *(2) CONTENTS.—The report under this subsection*  
16 *shall include—*

17 *(A) a comprehensive review of the history*  
18 *and development of universal service and the*  
19 *postal monopoly, including how the scope and*  
20 *standards of universal service and the postal mo-*  
21 *nopoly have evolved over time for the Nation and*  
22 *its urban and rural areas;*

23 *(B) the scope and standards of universal*  
24 *service and the postal monopoly provided under*  
25 *current law (including sections 101 and 403 of*

1           *title 39, United States Code), and current rules,*  
2           *regulations, policy statements, and practices of*  
3           *the Postal Service;*

4           *(C) a description of any geographic areas,*  
5           *populations, communities (including both urban*  
6           *and rural communities), organizations, or other*  
7           *groups or entities not currently covered by uni-*  
8           *versal service or that are covered but that are re-*  
9           *ceiving services deficient in scope or quality or*  
10          *both; and*

11          *(D) the scope and standards of universal*  
12          *service and the postal monopoly likely to be re-*  
13          *quired in the future in order to meet the needs*  
14          *and expectations of the United States public, in-*  
15          *cluding all types of mail users, based on discus-*  
16          *sion of such assumptions, alternative sets of as-*  
17          *sumptions, and analyses as the Postal Service*  
18          *considers plausible.*

19          ***(b) RECOMMENDED CHANGES TO UNIVERSAL SERVICE***  
20          ***AND THE MONOPOLY.—The Postal Regulatory Commission***  
21          ***shall include in the report under subsection (a), and in all***  
22          ***reports submitted under section 701 of this Act—***

23                 *(1) any recommended changes to universal serv-*  
24                 *ice and the postal monopoly as the Commission con-*  
25                 *siders appropriate, including changes that the Com-*

1 *mission may implement under current law and*  
2 *changes that would require changes to current law,*  
3 *with estimated effects of the recommendations on the*  
4 *service, financial condition, rates, and security of*  
5 *mail provided by the Postal Service;*

6 (2) *with respect to each recommended change de-*  
7 *scribed under paragraph (1)—*

8 (A) *an estimate of the costs of the Postal*  
9 *Service attributable to the obligation to provide*  
10 *universal service under current law; and*

11 (B) *an analysis of the likely benefit of the*  
12 *current postal monopoly to the ability of the*  
13 *Postal Service to sustain the current scope and*  
14 *standards of universal service, including esti-*  
15 *mates of the financial benefit of the postal mo-*  
16 *nopoly to the extent practicable, under current*  
17 *law; and*

18 (3) *such additional topics and recommendations*  
19 *as the Commission considers appropriate, with esti-*  
20 *mated effects of the recommendations on the service,*  
21 *financial condition, rates, and the security of mail*  
22 *provided by the Postal Service.*

1 **SEC. 703. STUDY ON EQUAL APPLICATION OF LAWS TO COM-**  
2 **PETITIVE PRODUCTS.**

3 (a) *IN GENERAL.*—*The Federal Trade Commission*  
4 *shall prepare and submit to the President and Congress,*  
5 *and to the Postal Regulatory Commission, within 1 year*  
6 *after the date of enactment of this Act, a comprehensive re-*  
7 *port identifying Federal and State laws that apply dif-*  
8 *ferently to the United States Postal Service with respect to*  
9 *the competitive category of mail (within the meaning of sec-*  
10 *tion 102 of title 39, United States Code, as amended by*  
11 *section 101) and similar products provided by private com-*  
12 *panies.*

13 (b) *RECOMMENDATIONS.*—*The Federal Trade Commis-*  
14 *sion shall include such recommendations as it considers ap-*  
15 *propriate for bringing such legal discrimination to an end,*  
16 *and in the interim, to account under section 3633 of title*  
17 *39, United States Code (as added by this Act), for the net*  
18 *economic advantages provided by those laws.*

19 (c) *CONSULTATION.*—*In preparing its report, the Fed-*  
20 *eral Trade Commission shall consult with the United States*  
21 *Postal Service, the Postal Regulatory Commission, other*  
22 *Federal agencies, mailers, private companies that provide*  
23 *delivery services, and the general public, and shall append*  
24 *to such report any written comments received under this*  
25 *subsection.*

1       (d) *COMPETITIVE PRODUCT REGULATION.*—*The Postal*  
2 *Regulatory Commission shall take into account the rec-*  
3 *ommendations of the Federal Trade Commission in promul-*  
4 *gating or revising the regulations required under section*  
5 *3633 of title 39, United States Code.*

6 **SEC. 704. REPORT ON POSTAL WORKPLACE SAFETY AND**  
7 **WORKPLACE-RELATED INJURIES.**

8       (a) *REPORT BY THE INSPECTOR GENERAL.*—

9           (1) *IN GENERAL.*—*Not later than 6 months after*  
10 *the enactment of this Act, the Inspector General of the*  
11 *United States Postal Service shall submit a report to*  
12 *Congress and the Postal Service that—*

13               (A) *details and assesses any progress the*  
14 *Postal Service has made in improving workplace*  
15 *safety and reducing workplace-related injuries*  
16 *nationwide; and*

17               (B) *identifies opportunities for improve-*  
18 *ment that remain with respect to such improve-*  
19 *ments and reductions.*

20           (2) *CONTENTS.*—*The report under this subsection*  
21 *shall also—*

22               (A) *discuss any injury reduction goals es-*  
23 *tablished by the Postal Service;*

24               (B) *describe the actions that the Postal*  
25 *Service has taken to improve workplace safety*

1           *and reduce workplace-related injuries, and assess*  
2           *how successful the Postal Service has been in*  
3           *meeting its injury reduction goal; and*

4                   *(C) identify areas where the Postal Service*  
5           *has failed to meet its injury reduction goals, ex-*  
6           *plain the reasons why these goals were not met,*  
7           *and identify opportunities for making further*  
8           *progress in meeting these goals.*

9           ***(b) REPORT BY THE POSTAL SERVICE.—***

10                   ***(1) REPORT TO CONGRESS.—****Not later than 6*  
11           *months after receiving the report under subsection (a),*  
12           *the Postal Service shall submit a report to Congress*  
13           *detailing how it plans to improve workplace safety*  
14           *and reduce workplace-related injuries nationwide, in-*  
15           *cluding goals and metrics.*

16                   ***(2) PROBLEM AREAS.—****The report under this*  
17           *subsection shall also include plans, developed in con-*  
18           *sultation with the Inspector General and employee*  
19           *representatives, including representatives of each post-*  
20           *al labor union and management association, for ad-*  
21           *dresssing the problem areas identified by the Inspector*  
22           *General in the report under subsection (a)(2)(C).*

23           **SEC. 705. STUDY ON RECYCLED PAPER.**

24                   ***(a) IN GENERAL.—****Within 12 months after the date*  
25           *of enactment of this Act, the Government Accountability Of-*

1 *vice shall study and submit to the Congress, the Board of*  
2 *Governors of the Postal Service, and to the Postal Regu-*  
3 *latory Commission a report concerning—*

4           (1) *the economic and environmental efficacy of*  
5 *establishing rate incentives for mailers linked to the*  
6 *use of recycled paper;*

7           (2) *a description of the accomplishments of the*  
8 *Postal Service in each of the preceding 5 years involv-*  
9 *ing recycling activities, including the amount of an-*  
10 *ual revenue generated and savings achieved by the*  
11 *Postal Service as a result of its use of recycled paper*  
12 *and other recycled products and its efforts to recycle*  
13 *undeliverable and discarded mail and other mate-*  
14 *rials; and*

15           (3) *additional opportunities that may be avail-*  
16 *able for the United States Postal Service to engage in*  
17 *recycling initiatives and the projected costs and reve-*  
18 *nuues of undertaking such opportunities.*

19           (b) *RECOMMENDATIONS.—The report shall include rec-*  
20 *ommendations for any administrative or legislative actions*  
21 *that may be appropriate.*

1 **TITLE VIII—POSTAL SERVICE RE-**  
2 **TIREMENT AND HEALTH BEN-**  
3 **EFITS FUNDING**

4 **SEC. 801. SHORT TITLE.**

5 *This title may be cited as the “Postal Civil Service*  
6 *Retirement and Health Benefits Funding Amendments of*  
7 *2004”.*

8 **SEC. 802. CIVIL SERVICE RETIREMENT SYSTEM.**

9 *(a) IN GENERAL.—Chapter 83 of title 5, United States*  
10 *Code, is amended—*

11 *(1) in section 8334(a)(1)(B), by striking clause*  
12 *(ii) and inserting the following:*

13 *“(ii) In the case of an employee of the United States*  
14 *Postal Service, no amount shall be contributed under this*  
15 *subparagraph.”; and*

16 *(2) by amending section 8348(h) to read as fol-*  
17 *lows:*

18 *“(h)(1) In this subsection, the term ‘Postal surplus or*  
19 *supplemental liability’ means the estimated difference, as*  
20 *determined by the Office, between—*

21 *“(A) the actuarial present value of all future*  
22 *benefits payable from the Fund under this subchapter*  
23 *to current or former employees of the United States*  
24 *Postal Service and attributable to civilian employ-*  
25 *ment with the United States Postal Service; and*



1           “(B) the sum of—

2                   “(i) the actuarial present value of deduc-  
3           tions to be withheld from the future basic pay of  
4           employees of the United States Postal Service  
5           currently subject to this subchapter under section  
6           8334;

7                   “(ii) that portion of the Fund balance, as of  
8           the date the Postal surplus or supplemental li-  
9           ability is determined, attributable to payments  
10          to the Fund by the United States Postal Service  
11          and its employees, minus benefit payments at-  
12          tributable to civilian employment with the  
13          United States Postal Service, plus the earnings  
14          on such amounts while in the Fund; and

15                  “(iii) any other appropriate amount, as de-  
16          termined by the Office in accordance with gen-  
17          erally accepted actuarial practices and prin-  
18          ciples.

19          “(2)(A) Not later than June 15, 2006, the Office shall  
20          determine the Postal surplus or supplemental liability, as  
21          of September 30, 2005. If that result is a surplus, the  
22          amount of the surplus shall be transferred to the Postal  
23          Service Retiree Health Benefits Fund established under sec-  
24          tion 8909a by June 30, 2006. If the result is a supplemental  
25          liability, the Office shall establish an amortization schedule,

1 *including a series of annual installments commencing Sep-*  
2 *tember 30, 2006, which provides for the liquidation of such*  
3 *liability by September 30, 2043.*

4       “(B) *The Office shall redetermine the Postal surplus*  
5 *or supplemental liability as of the close of the fiscal year,*  
6 *for each fiscal year beginning after September 30, 2006,*  
7 *through the fiscal year ending September 30, 2038. If the*  
8 *result is a surplus, that amount shall remain in the Fund*  
9 *until distribution is authorized under subparagraph (C),*  
10 *and any prior amortization schedule for payments shall be*  
11 *terminated. If the result is a supplemental liability, the Of-*  
12 *fice shall establish a new amortization schedule, including*  
13 *a series of annual installments commencing on September*  
14 *30 of the subsequent fiscal year, which provides for the liq-*  
15 *uidation of such liability by September 30, 2043.*

16       “(C) *As of the close of the fiscal years ending Sep-*  
17 *tember 30, 2015, 2025, 2035, and 2039, if the result is a*  
18 *surplus, that amount shall be transferred to the Postal Serv-*  
19 *ice Retiree Health Benefits Fund, and any prior amortiza-*  
20 *tion schedule for payments shall be terminated.*

21       “(D) *Amortization schedules established under this*  
22 *paragraph shall be set in accordance with generally accept-*  
23 *ed actuarial practices and principles, with interest com-*  
24 *puted at the rate used in the most recent valuation of the*  
25 *Civil Service Retirement System.*

1       “(E) *The United States Postal Service shall pay the*  
2 *amounts so determined to the Office, with payments due*  
3 *not later than the date scheduled by the Office.*

4       “(3) *Notwithstanding any other provision of law, in*  
5 *computing the amount of any payment under any other*  
6 *subsection of this section that is based upon the amount*  
7 *of the unfunded liability, such payment shall be computed*  
8 *disregarding that portion of the unfunded liability that the*  
9 *Office determines will be liquidated by payments under this*  
10 *subsection.”.*

11       (b) *CREDIT ALLOWED FOR MILITARY SERVICE.—In*  
12 *the application of section 8348(g)(2) of title 5, United*  
13 *States Code, for the fiscal year 2006, the Office of Personnel*  
14 *Management shall include, in addition to the amount other-*  
15 *wise computed under that paragraph, the amounts that*  
16 *would have been included for the fiscal years 2003 through*  
17 *2005 with respect to credit for military service of former*  
18 *employees of the United States Postal Service as though the*  
19 *Postal Civil Service Retirement System Funding Reform*  
20 *Act of 2003 (Public Law 108–18) had not been enacted,*  
21 *and the Secretary of the Treasury shall make the required*  
22 *transfer to the Civil Service Retirement and Disability*  
23 *Fund based on that amount.*

24       (c) *REVIEW.—*

25               (1) *IN GENERAL.—*

1           (A) *REQUEST FOR REVIEW.*—*Notwith-*  
2 *standing any other provision of this section (in-*  
3 *cluding any amendment made by this section),*  
4 *any determination or redetermination made by*  
5 *the Office of Personnel Management under this*  
6 *section (including any amendment made by this*  
7 *section) shall, upon request of the United States*  
8 *Postal Service, be subject to a review by the Post-*  
9 *al Regulatory Commission under this subsection.*

10           (B) *REPORT.*—*Upon receiving a request*  
11 *under subparagraph (A), the Commission shall*  
12 *promptly procure the services of an actuary, who*  
13 *shall hold membership in the American Academy*  
14 *of Actuaries and shall be qualified in the evalua-*  
15 *tion of pension obligations, to conduct a review*  
16 *in accordance with generally accepted actuarial*  
17 *practices and principles and to provide a report*  
18 *to the Commission containing the results of the*  
19 *review. The Commission, upon determining that*  
20 *the report satisfies the requirements of this para-*  
21 *graph, shall approve the report, with any com-*  
22 *ments it may choose to make, and submit it with*  
23 *any such comments to the Postal Service, the Of-*  
24 *fice of Personnel Management, and Congress.*

1           (2) *RECONSIDERATION.*—Upon receiving the re-  
2           port from the Commission under paragraph (1), the  
3           Office of Personnel Management shall reconsider its  
4           determination or redetermination in light of such re-  
5           port, and shall make any appropriate adjustments.  
6           The Office shall submit a report containing the results  
7           of its reconsideration to the Commission, the Postal  
8           Service, and Congress.

9 **SEC. 803. HEALTH INSURANCE.**

10           (a) *IN GENERAL.*—

11           (1) *FUNDING.*—Chapter 89 of title 5, United  
12           States Code, is amended—

13           (A) in section 8906(g)(2)(A), by striking  
14           “shall be paid by the United States Postal Serv-  
15           ice.” and inserting “shall be paid first from the  
16           Postal Service Retiree Health Benefits Fund up  
17           to the amount contained in the Fund, with any  
18           remaining amount paid by the United States  
19           Postal Service.”; and

20           (B) by inserting after section 8909 the fol-  
21           lowing:

22 **“§ 8909a. Postal Service Retiree Health Benefit Fund**

23           “(a) There is in the Treasury of the United States a  
24           Postal Service Retiree Health Benefits Fund which is ad-  
25           ministered by the Office of Personnel Management.

1       “(b) *The Fund is available without fiscal year limita-*  
2 *tion for payments required under section 8906(g)(2)(A).*

3       “(c) *The Secretary of the Treasury shall immediately*  
4 *invest, in interest-bearing securities of the United States*  
5 *such currently available portions of the Fund as are not*  
6 *immediately required for payments from the Fund. Such*  
7 *investments shall be made in the same manner as invest-*  
8 *ments for the Civil Service Retirement and Disability Fund*  
9 *under section 8348.*

10       “(d)(1) *Not later than June 30, 2006, and by June*  
11 *30 of each succeeding year, the Office shall compute the net*  
12 *present value of the future payments required under section*  
13 *8906(g)(2)(A) and attributable to the service of Postal Serv-*  
14 *ice employees during the most recently ended fiscal year.*

15       “(2)(A) *Not later than June 30, 2006, the Office shall*  
16 *compute, and by June 30 of each succeeding year, the Office*  
17 *shall recompute the difference between—*

18               “(i) *the net present value of the excess of future*  
19 *payments required under section 8906(g)(2)(A) for*  
20 *current and future United States Postal Service an-*  
21 *nuitants as of the end of the fiscal year ending on*  
22 *September 30 of that year; and*

23               “(ii)(I) *the value of the assets of the Postal Re-*  
24 *tiree Health Benefits Fund as of the end of the fiscal*  
25 *year ending on September 30 of that year; and*

1           “(II) the net present value computed under para-  
2           graph (1).

3           “(B) Not later than June 30, 2006, the Office shall  
4 compute, and by June 30 of each succeeding year shall re-  
5 compute, an amortization schedule including a series of an-  
6 nual installments which provide for the liquidation by Sep-  
7 tember 30, 2045, or within 15 years, whichever is later, of  
8 the net present value determined under subparagraph (A),  
9 including interest at the rate used in that computation.

10          “(3) Not later than September 30, 2006, and by Sep-  
11 tember 30 of each succeeding year, the United States Postal  
12 Service shall pay into such Fund—

13           “(A) the net present value computed under para-  
14           graph (1); and

15           “(B) the annual installment computed under  
16           paragraph (2)(B).

17          “(4) Computations under this subsection shall be made  
18 consistent with the assumptions and methodology used by  
19 the Office for financial reporting under subchapter II of  
20 chapter 35 of title 31.

21          “(5)(A)(i) Any computation or other determination of  
22 the Office under this subsection shall, upon request of the  
23 United States Postal Service, be subject to a review by the  
24 Postal Regulatory Commission under this paragraph.

1       “(ii) Upon receiving a request under clause (i), the  
2 Commission shall promptly procure the services of an actu-  
3 ary, who shall hold membership in the American Academy  
4 of Actuaries and shall be qualified in the evaluation of  
5 healthcare insurance obligations, to conduct a review in ac-  
6 cordance with generally accepted actuarial practices and  
7 principles and to provide a report to the Commission con-  
8 taining the results of the review. The Commission, upon de-  
9 termining that the report satisfies the requirements of this  
10 subparagraph, shall approve the report, with any comments  
11 it may choose to make, and submit it with any such com-  
12 ments to the Postal Service, the Office of Personnel Manage-  
13 ment, and Congress.

14       “(B) Upon receiving the report under subparagraph  
15 (A), the Office of Personnel Management shall reconsider  
16 its determination or redetermination in light of such report,  
17 and shall make any appropriate adjustments. The Office  
18 shall submit a report containing the results of its reconsid-  
19 eration to the Commission, the Postal Service, and Con-  
20 gress.

21       “(6) After consultation with the United States Postal  
22 Service, the Office shall promulgate any regulations the Of-  
23 fice determines necessary under this subsection.”.

24               (2) *TECHNICAL AND CONFORMING AMEND-*  
25       *MENT.—The table of sections for chapter 89 of title 5,*



1        *United States Code, is amended by inserting after the*  
2        *item relating to section 8909 the following:*

      “8909a. *Postal Service Retiree Health Benefits Fund.*”.

3        (b) *REVIEW.*—

4            (1) *IN GENERAL.*—

5                    (A) *REQUEST FOR REVIEW.*—*Any regula-*  
6                    *tion established under section 8909a(d)(5) of title*  
7                    *5, United States Code (as added by subsection*  
8                    *(a)), shall, upon request of the United States*  
9                    *Postal Service, be subject to a review by the Post-*  
10                   *al Regulatory Commission under this para-*  
11                   *graph.*

12                   (B) *REPORT.*—*Upon receiving a request*  
13                   *under subparagraph (A), the Commission shall*  
14                   *promptly procure the services of an actuary, who*  
15                   *shall hold membership in the American Academy*  
16                   *of Actuaries and shall be qualified in the evalua-*  
17                   *tion of healthcare insurance obligations, to con-*  
18                   *duct a review in accordance with generally ac-*  
19                   *cepted actuarial practices and principles and to*  
20                   *provide a report to the Commission containing*  
21                   *the results of the review. The Commission, upon*  
22                   *determining that the report satisfies the require-*  
23                   *ments of this paragraph, shall approve the re-*  
24                   *port, with any comments it may choose to make,*  
25                   *and submit it with any such comments to the*

1           *Postal Service, the Office of Personnel Manage-*  
2           *ment, and Congress.*

3           (2) *RECONSIDERATION.*—*Upon receiving the re-*  
4           *port under paragraph (1), the Office of Personnel*  
5           *Management shall reconsider its determination or re-*  
6           *determination in light of such report, and shall make*  
7           *any appropriate adjustments. The Office shall submit*  
8           *a report containing the results of its reconsideration*  
9           *to the Commission, the Postal Service, and Congress.*

10          (c) *TRANSITIONAL ADJUSTMENT FOR FISCAL YEAR*  
11          *2006.*—*For fiscal year 2006, the amounts paid by the Post-*  
12          *al Service in Government contributions under section*  
13          *8906(g)(2)(A) of title 5, United States Code, for fiscal year*  
14          *2006 contributions shall be deducted from the initial pay-*  
15          *ment otherwise due from the Postal Service to the Postal*  
16          *Service Retiree Health Benefits Fund under section*  
17          *8909a(d)(3) of such title as added by this section.*

18          **SEC. 804. REPEAL OF DISPOSITION OF SAVINGS PROVISION.**

19           *Section 3 of the Postal Civil Service Retirement Sys-*  
20           *tem Funding Reform Act of 2003 (Public Law 108–18) is*  
21           *repealed.*

22          **SEC. 805. EFFECTIVE DATES.**

23           (a) *IN GENERAL.*—*Except as provided under sub-*  
24           *section (b), this title shall take effect on October 1, 2005.*

1       (b) *TERMINATION OF EMPLOYER CONTRIBUTION.*—The  
 2 amendment made by paragraph (1) of section 802(a) shall  
 3 take effect on the first day of the first pay period beginning  
 4 on or after October 1, 2005.

5       **TITLE IX—COMPENSATION FOR**  
 6                                   **WORK INJURIES**

7       **SEC. 901. TEMPORARY DISABILITY; CONTINUATION OF PAY.**

8       (a) *TIME OF ACCRUAL OF RIGHT.*—Section 8117 of  
 9 title 5, United States Code, is amended—

10               (1) by striking “An employee” and inserting  
 11               “(a) An employee other than a Postal Service em-  
 12               ployee”; and

13               (2) by adding at the end the following:

14               “(b) A Postal Service employee is not entitled to com-  
 15               pensation or continuation of pay for the first 3 days of tem-  
 16               porary disability, except as provided under paragraph (3)  
 17               of subsection (a). A Postal Service employee may use an-  
 18               nual leave, sick leave, or leave without pay during that 3-  
 19               day period, except that if the disability exceeds 14 days or  
 20               is followed by permanent disability, the employee may have  
 21               their sick leave or annual leave reinstated or receive pay  
 22               for the time spent on leave without pay under this section.”.

23       (b) *TECHNICAL AND CONFORMING AMENDMENT.*—Sec-  
 24 tion 8118(b)(1) of title 5, United States Code, is amended  
 25 to read as follows:

1           “(1) without a break in time, except as provided  
2           under section 8117(b), unless controverted under regu-  
3           lations of the Secretary”.

4 **SEC. 902. DISABILITY RETIREMENT FOR POSTAL EMPLOY-**  
5           **EES.**

6           (a) *TOTAL DISABILITY*.—Section 8105 of title 5,  
7 *United States Code*, is amended—

8           (1) in subsection (a), by adding at the end the  
9           following: “This section applies to a Postal Service  
10          employee, except as provided under subsection (c).”;  
11          and

12          (2) by adding at the end the following:

13          “(c)(1) In this subsection, the term ‘retirement age’ has  
14          the meaning given under section 216(l)(1) of the Social Se-  
15          curity Act (42 U.S.C. 416(l)(1)).

16          “(2) Notwithstanding any other provision of law, for  
17          any injury occurring on or after the date of enactment of  
18          the *Postal Accountability and Enhancement Act*, and for  
19          any new claim for a period of disability commencing on  
20          or after that date, the compensation entitlement for total  
21          disability is converted to 50 percent of the monthly pay of  
22          the employee on the later of—

23                  “(A) the date on which the injured employee  
24                  reaches retirement age; or

1           “(B) 1 year after the employee begins receiving  
2           *compensation.*”.

3           (b) *PARTIAL DISABILITY.*—Section 8106 of title 5,  
4           *United States Code, is amended—*

5           (1) *in subsection (a), by adding at the end the*  
6           *following: “This section applies to a Postal Service*  
7           *employee, except as provided under subsection (d).”;*  
8           *and*

9           (2) *by adding at the end the following:*

10          “(d)(1) *In this subsection, the term ‘retirement age’ has*  
11          *the meaning given under section 216(l)(1) of the Social Se-*  
12          *curity Act (42 U.S.C. 416(l)(1)).*

13          “(2) *Notwithstanding any other provision of law,*  
14          *for any injury occurring on or after the date of enact-*  
15          *ment of this subsection, and for any new claim for a*  
16          *period of disability commencing on or after that date,*  
17          *the compensation entitlement for partial disability is*  
18          *converted to 50 percent of the difference between the*  
19          *monthly pay of an employee and the monthly wage*  
20          *earning capacity of the employee after the beginning*  
21          *of partial disability on the later of—*

22                  “(A) *the date on which the injured employee*  
23                  *reaches retirement age; or*

24                  “(B) *1 year after the employee begins re-*  
25                  *ceiving compensation.*”.

1           **TITLE X—MISCELLANEOUS**

2   **SEC. 1001. EMPLOYMENT OF POSTAL POLICE OFFICERS.**

3           *Section 404 of title 39, United States Code (as amend-*  
4 *ed by this Act), is further amended by adding at the end*  
5 *the following:*

6           “(d) *The Postal Service may employ guards for all*  
7 *buildings and areas owned or occupied by the Postal Service*  
8 *or under the charge and control of the Postal Service, and*  
9 *may give such guards, with respect to such property, any*  
10 *of the powers of special policemen provided under section*  
11 *1315 of title 40. The Postmaster General, or the designee*  
12 *of the Postmaster General, may take any action that the*  
13 *Secretary of Homeland Security may take under section*  
14 *1315 of title 40, with respect to that property.*

15   **SEC. 1002. OBSOLETE PROVISIONS.**

16           (a) *REPEAL.—*

17                   (1) *IN GENERAL.—Chapter 52 of title 39, United*  
18 *States Code, is repealed.*

19                   (2) *CONFORMING AMENDMENTS.—(A) Section*  
20 *5005(a) of title 39, United States Code, is amended—*

21                           (i) *by striking paragraph (1), and by redesi-*  
22 *gnating paragraphs (2) through (4) as para-*  
23 *graphs (1) through (3), respectively; and*

1           (ii) in paragraph (3) (as so designated by  
2           clause (i)), by striking “(as defined in section  
3           5201(6) of this title)”.

4           (B) Section 5005(b) of such title 39 is amended  
5           by striking “(a)(4)” each place it appears and insert-  
6           ing “(a)(3)”.

7           (C) Section 5005(c) of such title 39 is amended  
8           by striking “by carrier or person under subsection  
9           (a)(1) of this section, by contract under subsection  
10          (a)(4) of this section, or” and inserting “by contract  
11          under subsection (a)(3) of this section or”.

12          (b) *ELIMINATING RESTRICTION ON LENGTH OF CON-*  
13 *TRACTS.—*(1) Section 5005(b)(1) of title 39, United States  
14 *Code, is amended by striking “(or where the Postal Service*  
15 *determines that special conditions or the use of special*  
16 *equipment warrants, not in excess of 6 years)” and insert-*  
17 *ing “(or such longer period of time as may be determined*  
18 *by the Postal Service to be advisable or appropriate)”.*

19          (2) Section 5402(d) of such title 39 is amended by  
20          striking “for a period of not more than 4 years”.

21          (3) Section 5605 of such title 39 is amended by strik-  
22          ing “for periods of not in excess of 4 years”.

23          (c) *TECHNICAL AND CONFORMING AMENDMENT.—*The  
24 *table of chapters for part V of title 39, United States Code,*  
25 *is amended by repealing the item relating to chapter 52.*

1 **SEC. 1003. REDUCED RATES.**

2 *Section 3626 of title 39, United States Code, is*  
3 *amended—*

4 *(1) in subsection (a), by striking all before para-*  
5 *graph (4) and inserting the following:*

6 *“(a)(1) Except as otherwise provided in this section,*  
7 *rates of postage for a class of mail or kind of mailer under*  
8 *former section 4358, 4452(b), 4452(c), 4554(b), or 4554(c)*  
9 *of this title shall be established in accordance with section*  
10 *3622.*

11 *“(2) For the purpose of this subsection, the term ‘reg-*  
12 *ular-rate category’ means any class of mail or kind of mail-*  
13 *er, other than a class or kind referred to in section 2401(c).*

14 *“(3) Rates of postage for a class of mail or kind of*  
15 *mailer under former section 4358(a) through (c) of this title*  
16 *shall be established so that postage on each mailing of such*  
17 *mail reflects its preferred status as compared to the postage*  
18 *for the most closely corresponding regular-rate category*  
19 *mailing.”;*

20 *(2) in subsection (g), by adding at the end the*  
21 *following:*

22 *“(3) For purposes of this section and former section*  
23 *4358(a) through (c) of this title, those copies of an issue*  
24 *of a publication entered within the county in which it is*  
25 *published, but distributed outside such county on postal*  
26 *carrier routes originating in the county of publication, shall*



1 *be treated as if they were distributed within the county of*  
2 *publication.*

3       “(4)(A) *In the case of an issue of a publication, any*  
4 *number of copies of which are mailed at the rates of postage*  
5 *for a class of mail or kind of mailer under former section*  
6 *4358(a) through (c) of this title, any copies of such issue*  
7 *which are distributed outside the county of publication (ex-*  
8 *cluding any copies subject to paragraph (3)) shall be subject*  
9 *to rates of postage provided for under this paragraph.*

10       “(B) *The rates of postage applicable to mail under this*  
11 *paragraph shall be established in accordance with section*  
12 *3622.*

13       “(C) *This paragraph shall not apply with respect to*  
14 *an issue of a publication unless the total paid circulation*  
15 *of such issue outside the county of publication (not counting*  
16 *recipients of copies subject to paragraph (3)) is less than*  
17 *5,000.”; and*

18               (3) *by adding at the end the following:*

19       “(n) *In the administration of this section, matter that*  
20 *satisfies the circulation standards for requester publications*  
21 *shall not be excluded from being mailed at the rates for mail*  
22 *under former section 4358 solely because such matter is de-*  
23 *signed primarily for free circulation or for circulation at*  
24 *nominal rates, or fails to meet the requirements of former*  
25 *section 4354(a)(5).”.*

1 **SEC. 1004. SENSE OF CONGRESS REGARDING POSTAL SERV-**  
2 **ICE PURCHASING REFORM.**

3 *It is the sense of Congress that the Postal Service*  
4 *should—*

5 *(1) ensure the fair and consistent treatment of*  
6 *suppliers and contractors in its current purchasing*  
7 *policies and any revision or replacement of such poli-*  
8 *cies, such as through the use of competitive contract*  
9 *award procedures, effective dispute resolution mecha-*  
10 *nisms, and socioeconomic programs; and*

11 *(2) implement commercial best practices in Post-*  
12 *al Service purchasing policies to achieve greater effi-*  
13 *ciency and cost savings as recommended in July 2003*  
14 *by the President's Commission on the United States*  
15 *Postal Service, in a manner that is compatible with*  
16 *the fair and consistent treatment of suppliers and*  
17 *contractors, as befitting an establishment in the*  
18 *United States Government.*

19 **SEC. 1005. CONTRACTS FOR TRANSPORTATION OF MAIL BY**  
20 **AIR.**

21 *(a) DEFINITIONS.—Section 5402(a) of title 39, United*  
22 *States Code, is amended—*

23 *(1) in paragraph (4), by striking “(g)(1)(D)(i)”*  
24 *and inserting “(g)(1)(A)(iv)(I)”;*

25 *(2) in paragraph (5), by striking “(g)(1)(D)(i)”*  
26 *and inserting “(g)(1)(A)(iv)(I)”;*

1           (3) in paragraph (6), by striking “only”;

2           (4) in paragraph (8), by striking “rates paid to  
3 a bush carrier” and inserting “linehaul rates and a  
4 single terminal handling payment at a bush terminal  
5 handling rate paid to a bush carrier”;

6           (5) in paragraph (11), by striking  
7 “(g)(1)(D)(ii)” and inserting “(g)(1)(A)(iv)(II)”;

8           (6) in paragraph (13)—

9           (A) in subparagraph (A)—

10           (i) by striking “clause (i) or (ii) of  
11 subsection (g)(1)(D)” and inserting “sub-  
12 clause (I) or (II) of subsection  
13 (g)(1)(A)(iv)”;

14           (ii) by striking “and” after the semi-  
15 colon;

16           (B) in subparagraph (B), by adding “and”  
17 after the semicolon; and

18           (C) by adding at the end the following:

19           “(C) is not comprised of previously quali-  
20 fied existing mainline carriers as a result of  
21 merger or sale;”;

22           (7) in paragraph (18), by striking “bush routes”  
23 and inserting “routes”; and

24           (8) in paragraph (22), by striking “bush routes”  
25 and inserting “routes”.

1       (b) *NONPRIORITY BYPASS MAIL*.—Section 5402(g) of  
2 *title 39, United States Code, is amended—*

3           (1) *in paragraph (2)(C), by inserting “or a des-*  
4 *tination city” after “acceptance point and a hub”;*

5           (2) *in paragraph (3), by adding at the end the*  
6 *following:*

7                   “(C) *When a new hub results from a change*  
8 *in a determination under subparagraph (B),*  
9 *mail tender from that hub during the 12-month*  
10 *period beginning on the effective date of that*  
11 *change shall be based on the passenger and*  
12 *freight shares to the destinations of the affected*  
13 *hub or hubs resulting in the new hub.”; and*

14           (3) *in paragraph (5)(A)(i), by striking*  
15 *“(g)(1)(D)(ii)” and inserting “(g)(1)(A)(iv)(II)”.*

16       (c) *EQUITABLE TENDER*.—Section 5402(h) of *title 39,*  
17 *United States Code, is amended—*

18           (1) *in paragraph (1), by inserting “bush” after*  
19 *“providing scheduled”;*

20           (2) *by striking paragraph (3) and inserting the*  
21 *following:*

22                   “(3)(A) *Except as provided under subparagraph*  
23 *(C), a new or existing 121 bush passenger carrier*  
24 *qualified under subsection (g)(1) shall be exempt from*  
25 *the requirements under paragraphs (1)(B) and (2)(A)*

1       *on a city pair route for a period which shall extend*  
2       *for—*

3               “(i) 1 year;

4               “(ii) 1 year in addition to the extension  
5               *under clause (i) if, as of the conclusion of the*  
6               *first year, such carrier has been providing not*  
7               *less than 5 percent of the passenger service on*  
8               *that route (as calculated under paragraph (5));*  
9               *and*

10              “(iii) 1 year in addition to the extension  
11              *under clause (ii) if, as of the conclusion of the*  
12              *second year, such carrier has been providing not*  
13              *less than 10 percent of the passenger service on*  
14              *that route (as calculated under paragraph (5)).*

15              “(B)(i) *The first 3 121 bush passenger carriers*  
16              *entitled to the exemptions under subparagraph (A) on*  
17              *any city pair route shall divide no more than an ad-*  
18              *ditional 10 percent of the mail, apportioned equally,*  
19              *comprised of no more than—*

20                      “(I) 5 percent of the share of each qualified  
21                      *passenger carrier servicing that route that is not*  
22                      *a 121 bush passenger carrier; and*

23                      “(II) 5 percent of the share of each nonpas-  
24                      *senger carrier servicing that route that trans-*

1           ports 25 percent or more of the total nonmail  
2           freight under subsection (i)(1).

3           “(ii) Additional 121 bush passenger carriers en-  
4           tering service on that city pair route after the first  
5           3 shall not receive any additional mail share.

6           “(iii) If any 121 bush passenger carrier on a  
7           city pair route receiving an additional share of the  
8           mail under clause (ii) discontinues service on that  
9           route, the 121 bush passenger carrier that has been  
10          providing the longest period of service on that route  
11          and is otherwise eligible but is not receiving a share  
12          by reason of clause (ii), shall receive the share of the  
13          carrier discontinuing service.

14          “(C) Notwithstanding the requirements of this  
15          subsection, if only 1 passenger carrier or aircraft is  
16          qualified to be tendered nonpriority bypass mail as a  
17          passenger carrier or aircraft on a city pair route in  
18          the State of Alaska, the Postal Service shall tender 20  
19          percent of the nonpriority bypass mail described  
20          under paragraph (1) to the passenger carrier or air-  
21          craft providing at least 10 percent of the passenger  
22          service on such route.”;

23                 (3) in paragraph (5)(A)—

24                         (A) by striking “(i)” after “(A)”; and

25                         (B) by striking clause (ii).

1       (d) *PERCENT OF NONMAIL FREIGHT.*—Section  
2 5402(i)(6) of title 39, United States Code, is amended—

3           (1) by striking “(A)” after “(6)”; and

4           (2) by striking subparagraph (B).

5       (e) *PERCENT OF TENDER RATE.*—Section  
6 5402(j)(3)(B) of title 39, United States Code, is amended

7 by striking “bush routes in the State of Alaska” and insert-  
8 ing “routes served exclusively by bush carriers in the State  
9 of Alaska”.

10       (f) *DETERMINATION OF RATES.*—Section 5402(k) of  
11 title 39, United States Code, is amended by striking para-  
12 graph (5).

13       (g) *TECHNICAL AND CONFORMING AMENDMENT.*—Sec-  
14 tion 5402(p)(3) of title 39, United States Code, is amended  
15 by striking “(g)(1)(D)” and inserting “(g)(1)(A)(iv)”.

16       (h) *EFFECTIVE DATE.*—

17           (1) *IN GENERAL.*—Except as provided under  
18 paragraph (2), this section shall take effect on the  
19 date of enactment of this Act.

20           (2) *EQUITABLE TENDER.*—Subsection (c) shall  
21 take effect on July 1, 2006.

Attest:

*Secretary.*

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 22**

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**AMENDMENT**