

to the *Code of Federal Regulations* (CFR).

#### List of Subjects in 39 CFR Part 501

Administrative practice and procedure, Postal Service.

For the reasons set out in this document, the Postal Service is proposing to amend 39 CFR part 501 as follows:

#### PART 501—AUTHORIZATION TO MANUFACTURE AND DISTRIBUTE POSTAGE METERS

1. The authority citation for part 501 continues to read as follows:

**Authority:** 5 U.S.C. 552(a); 39 U.S.C. 101, 401, 403, 404, 410, 2601, 2605; Inspector General Act of 1978, as amended (Public Law 95'452, as amended); 5 U.S.C. App. 3.

2. Redesignate current §§ 501.23 through 501.30 as §§ 501.24 through 501.31 and add new § 501.23 to read as follows:

##### § 501.23 Communications.

Authorized manufacturers, distributors, and any agents of an authorized manufacturer or distributor must not intentionally misrepresent to customers of the Postal Service decisions, actions, or proposed actions of the Postal Service respecting the postage meter program. The Postal Service reserves the right to suspend and/or revoke the authorization to manufacture and/or distribute postage meters throughout the United States or any part thereof under Sec. 501.5 when the manufacturer, distributor, or any agent of a manufacturer or distributor fails to comply with this requirement.

We will publish an appropriate amendment to 39 CFR part 501 to reflect these changes if the proposal is adopted.

**Stanley F. Mires,**  
*Chief Counsel, Legislative.*

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#### POSTAL SERVICE

#### 39 CFR Part 551

#### Semipostal Stamp Program

**AGENCY:** Postal Service.

**ACTION:** Proposed rule.

**SUMMARY:** This proposed rule would clarify procedures for determining offsets for the Postal Service's reasonable costs from semipostal differential revenue.

**DATES:** Comments must be received on or before December 22, 2003.

**FOR FURTHER INFORMATION CONTACT:**  
Cindy Tackett, (202) 268-6555.

**SUPPLEMENTARY INFORMATION:** On June 12, 2001, the Postal Service published a final rule establishing the regulations in 39 CFR part 551 for the Semipostal Stamp Program (66 FR 31822). Minor revisions were made to these regulations to implement Public Law No. 107-67, 115 Stat. 514 (2001), and to reflect minor organizational changes in the Postal Service (67 FR 5215 (February 5, 2002)).

The Postal Service proposes to amend regulations in section 551.8. The proposed changes are relatively straightforward and are intended to clarify existing regulations. A brief description of each proposed change follows.

Proposed edits to section 551.8(a) and (c) would expand the types of "comparable stamps" that could be used in conducting cost comparisons. Under current regulations, comparable stamps for purposes of cost comparisons are defined as *commemorative* stamps having similar sales; physical characteristics; and marketing, promotional, and public relations activities. The proposed rule would no longer limit the universe of comparable stamps to *commemorative* stamps. This measure would accordingly allow other types of stamps, such as definitive or special issue stamps, to serve as a baseline for cost comparisons. In some instances, it is conceivable that a definitive or special issue stamp could serve as the best proxy for comparative analysis, because, much like some semipostal stamps, such stamps are often sold for longer periods, are subjected to multiple print runs, and produced and distributed in much larger quantities than commemorative stamps. Thus, it is possible that some definitive or special issue stamps could more accurately mirror the characteristics of commemorative stamps, at least for certain discrete cost comparisons.

A proposed edit to section 551.8(c) would specify that different comparable stamps may be used for specific cost comparisons. For example, a given stamp might be useful for comparing marketing and advertising costs incurred in connection with a semipostal stamp. Nevertheless, a comparable stamp selected for purposes of comparing marketing and advertising costs might not serve as the best proxy for comparing other types of costs, for example because it has different physical characteristics than the semipostal stamp to which it is compared. The proposed change would

clarify that the Postal Service could select different comparable stamps for discrete cost comparisons. This will enhance accuracy in conducting comparative analysis for purposes of determining cost offsets.

A proposed edit to section 551.8(d)(1) would clarify that costs less than \$3,000 would not be offset from differential revenue, as long as they were not charged to a semipostal-specific finance number. The current rule is intended to preclude the need for time-consuming recordkeeping for low-value expenditures. Tracking low-dollar expenditures is, however, simplified whenever such costs are charged to a semipostal-specific finance number. Thus, the Postal Service intends to track semipostal costs less than \$3,000 when such costs are assigned to semipostal-specific finance number.

A proposed edit to section 551.8(d)(2) would clarify that costs that do not need to be tracked include not only those costs that would be too burdensome to *track*, but also those costs that would be too burdensome to *estimate*.

Finally, the proposed edits to section 551.8(d)(6) and (f) would clarify that printing, sales, distribution, and several other types of costs could be recovered when they materially exceed the costs of comparable stamps. While such costs arguably could be recovered under section 551.8(d)(5), the proposed edit would establish, in clear and unambiguous terms, the circumstances in which such costs are to be offset from differential revenue.

In accordance with 39 U.S.C. 416(e)(2), the Postal Service invites public comment on the following proposed amendments to the *Code of Federal Regulations*.

#### List of Subjects in 39 CFR Part 551

Administrative practice and procedure, Postal Service.

For the reasons set out in this document, the Postal Service proposes to revise 39 CFR 551 as follows:

#### PART 551—SEMIPOSTAL STAMP PROGRAM

1. The authority citation for 39 CFR part 551 is revised to read as follows:

**Authority:** 39 U.S.C. 101, 201, 203, 401, 403, 404, 410, 414, 416.

2. In § 551.8, revise paragraphs (a), (c), (d), (e), and (g) to read as follows:

##### § 551.8 Cost offset policy.

(a) Postal Service policy is to recover from the differential revenue for each semipostal stamp those costs that are determined to be attributable to the semipostal stamp and that would not