

- Are there inconsistencies in audit processes and audit results? If so, what kinds and why? What are current specific examples?
- How do NERC and the Regional Entities set priorities of what to audit, and are they doing a good job setting priorities?
- Do audits focus too much on documentation? Would alternative auditing methods also demonstrate compliance and improve reliability?
- Possible improvements or solutions
- Event Analysis and Compliance
- Focus on the potential tension between event analysis/lessons learned and NERC/RE compliance and enforcement activities
- How can the Commission, NERC and the Regional Entities help create a culture of compliance?
- III. Break (2:45–3:00)
- IV. Panel 2: Violation Processing and Penalties (3:00–4:30)

*Panelists:*

- Gerry W. Cauley**, President and Chief Executive Officer, NERC
- Stacy Dochoda**, General Manager, SPP Regional Entity
- Al Fohrer**, Chief Executive Officer, Southern California Edison Company
- David Mohre**, Executive Director, Energy and Power Division, National Rural Electric Cooperative Association
- John DiStasio**, Chief Executive Officer, Sacramento Municipal Utility District
- Stephen T. Naumann**, Vice President for Wholesale Market Development, Exelon Corporation

*Topics*

- Streamlining processes to reduce compliance violation backlogs and minimize future backlogs
- Regional Entity and NERC levels of review
- Appropriate Notice of Penalty records
- Development of “traffic tickets,” “parking tickets” and “warning tickets”
- How effective are the NERC Sanction Guidelines, and are they applied consistently? What changes may be warranted to improve effectiveness and/or consistency of the Sanction Guidelines?
  - Do current enforcement and compliance processes provide proactive approaches and improve reliability by reducing future reliability standard violations and system disturbances?
- What metrics are currently utilized for compliance-based reliability improvement?
- What do these metrics show?
- How can the Commission, NERC and the Regional Entities promote

transparency of results and dissemination of lessons learned?

V. Questions from the Audience (4:30–4:50)

VI. Closing Statement

\* \* \* \* \*

[FR Doc. 2010–29068 Filed 11–17–10; 8:45 am]

**BILLING CODE 6717–01–P**

**POSTAL REGULATORY COMMISSION**

[Docket No. MT2011–1; Order No. 584]

**Market Test Involving Greeting Cards**

**AGENCY:** Postal Regulatory Commission.  
**ACTION:** Notice.

**SUMMARY:** The Commission is noticing a recently-filed Postal Service proposal to conduct a market test involving greeting cards. A key feature of the market test is an alternative arrangement for payment of postage. Under this alternative, participating companies would be responsible for paying applicable postage, rather than having the sender of the card affix postage. This document describes the proposal, addresses procedural aspects of the filing, and invites public comment.

**DATES:** *Comment deadline:* December 8, 2010.

**ADDRESSES:** Submit comments electronically via the Commission’s Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

**FOR FURTHER INFORMATION CONTACT:** Stephen L. Sharfman, General Counsel, 202–789–6820 or [stephen.sharfman@prc.gov](mailto:stephen.sharfman@prc.gov).

**SUPPLEMENTARY INFORMATION:**

**Table of Contents**

- I. Introduction
- II. Background
- III. Notice of Filing
- IV. Ordering Paragraphs

**I. Introduction**

On November 8, 2010, the Postal Service filed a notice, pursuant to 39 U.S.C. 3641(c)(1), announcing its intent to initiate a market test beginning on or about January 1, 2011, of an experimental market dominant product, Alternate Postage Payment Method for Greeting Cards.<sup>1</sup> The market research test will consist of providing a means

for individuals to mail greeting cards without affixing postage. *Id.* at 1.

**II. Background**

The Postal Service states that First-Class Mail single-piece correspondence has been a declining part of U.S. mail volume, and the communication alternatives, such as e-mail, use of the Internet, and cellular services, have had an impact on the mail volume of personal correspondence. *Id.* at 3–4. It proposes the instant market test as a convenient method for individuals to purchase a greeting card without the need to pay postage. *Id.* at 4. The Postal Service expects that the simplicity of the product design, which allows the customer to sign and address the card and place it in a collection box, will make greeting cards more likely to be purchased and mailed. *Id.*

The Postal Service explains that under the proposed market test participating businesses will produce and distribute pre-approved envelopes according to specific design requirements which will be packaged for sale with greeting cards. Individuals can mail the greeting cards in the pre-approved envelopes without affixing postage. *Id.* at 2. The Alternate Postage Payment Method has a two-stage process for businesses to pay postage. *Id.* at 1. First, at least 50 percent of the postage will be paid based on the company’s reports on the number of cards sold to customers or third-party vendors. Generally, this payment would be retained by the Postal Service regardless of whether the cards are also mailed. Second, the balance of the postage due will be collected based on scans of the cards that are mailed. *Id.* at 1, 6.

*Statutory authority.* The Postal Service indicates that its proposal satisfies the criteria of section 3641, which imposes certain conditions on experimental products. 39 U.S.C. 3641. For example, the Postal Service asserts that the Alternate Postage Payment Method for Greeting Cards is significantly different from all products offered by the Postal Service within the meaning of section 3641(b)(1). Notice at 8–9. In addition, it contends that the market test will be limited to a small portion of the total greeting card volume and therefore does not create an unfair or inappropriate competitive advantage for the Postal Service or any mailer. *Id.* at 9; *see also* section 3641(b)(2). The Postal Service states that the Alternative Postage Payment Method for Greeting Cards is correctly classified as a market dominant product. *Id.* at 10–11; *see also* section 3641(b)(3). The Postal Service

<sup>1</sup> Notice of the United States Postal Service of Market Test of Experimental Product—Alternative Postage Payment Method for Greeting Cards, November 8, 2010 (Notice).

states that the duration of the market test will not exceed 24 months. *Id.* at 8.

The Postal Service does not anticipate that the annual revenues from the market test will exceed \$50 million. However, it does anticipate that annual revenues will exceed \$10,000,000 and therefore requests that the Commission exempt this market test from the annual revenue limitation under 39 U.S.C. 3641(e)(2). *Id.* at 8, 12.

**Description and nature of market test.** Pursuant to section 3641(c)(1)(B), the Postal Service provides a description of the nature and scope of the market test. The Postal Service explains that participating businesses will produce and distribute pre-approved envelopes with specific design requirements that will be included as a part of the greeting card packaging. The company producing the cards will add markings as defined by the Postal Service to identify the greeting cards in the mailstream and individuals can mail the greeting cards in the pre-approved envelopes without affixing postage. These markings are scanned to produce a count. *Id.* at 1. The Alternate Postage Payment Method derives part of the postage payment on sales data reported to the Postal Service by participating mailers. *Id.* at 2. The process involves the use of Intelligent Mail (IM<sup>®</sup>) technology to identify and scan each unique item's movement through the postal system which produces a count of the number during normal processing. *Id.* Each participating business will receive a unique Mailer ID only for this market test. *Id.* at 5. This count is used to debit the card producer's Centralized Automated Processing System (CAPS) account for the portion of postage that was not based on the sales data. *Id.* at 2.

**Product description.** Postage will be paid by the card producer based on sales information, along with the data captured during mail processing. The mailpieces include a combination of four elements:

- Intelligent Mail Barcode (IMb) enables the recording of piece-level information for volume and revenue reporting;
- Legend identifies the business customer responsible for paying the postage;
- Facing Identification Mark (FIM) facilitates mail processing and allows separate identification of this mail for future use; and
- Imprint: "No Postage Necessary if Mailed in the United States" will be printed in the upper right corner of the address side of the item.

*Id.* at 5.

Under the proposed market test, the Postal Service states that participating companies must meet specific mail item design requirements which must be approved prior to distribution. *Id.* The Postal Service also states that market test mail items will be processed and delivered according to single-piece First-Class Mail letter standards. *Id.* The Postal Service expects that greeting card companies will use the product to increase the sale of greeting cards, and customers will have a simpler manner of mailing the cards. *Id.* at 6.

The Postal Service states that Alternate Postage Payment Method will be a premium product with a price above First-Class Mail single-piece postage. *Id.* The proposed price is 48 cents for cards and envelopes with a combined weight of no more than one ounce for sales or scans completed during the first year. For mail and envelopes with a combined weight between one and two ounces, the price will be 48 cents plus the second ounce price for sales or scans during the first year of the market test. In the test's second year, the Postal Service will determine how to modify the price based on market conditions and changes in the single-piece price. It also plans to test more than one postage rate during the second year. Thus, the Postal Service proposes a range of rates during the market test period. *Id.* at 7.

The Postal Service contends that the benefits of the market test include reduction in the costs of selling stamps to the public, proportional increase in the mailing of greeting cards, convenience, and a cost effective product for customer. *Id.* Additionally, it asserts that the product should contribute to the financial stability of the Postal Service.

The Notice also addresses the Postal Service's plan to monitor performance and its data collection plan. *Id.* at 13.

### III. Notice of Filing

The Commission establishes Docket No. MT2011-1 for consideration of matters raised by the Notice. Interested persons may submit comments on whether the Postal Service's filing in the captioned docket is consistent with the policies of 39 U.S.C. 3641. Comments are due no later than December 8, 2010. The filing can be accessed via the Commission's Web site (<http://www.prc.gov>).

The Commission appoints Katrina R. Martinez to serve as Public Representative in this docket.

### IV. Ordering Paragraphs

*It is ordered:*

1. The Commission establishes Docket No. MT2011-1 for consideration of the matters raised by the Notice.

2. Pursuant to 39 U.S.C. 505, Katrina R. Martinez is appointed to serve as officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

3. Comments by interested persons are due no later than December 8, 2010.

4. The Secretary shall arrange for publication of this order in the **Federal Register**.

By the Commission.

**Shoshana M. Grove,**

*Secretary.*

[FR Doc. 2010-29086 Filed 11-17-10; 8:45 am]

**BILLING CODE 7710-FW-P**

## POSTAL REGULATORY COMMISSION

[Docket No. MC2011-5; Order No. 583]

### Postal Classification Changes

**AGENCY:** Postal Regulatory Commission.

**ACTION:** Notice.

**SUMMARY:** The Commission is noticing a recently-filed Postal Service request announcing a classification change affecting bundle and container charges for Outside County Periodicals pieces in combined mailings of Standard Mail and Periodicals. This notice addresses procedural steps associated with this filing.

**DATES:** *Comment deadline:* November 24, 2010.

**ADDRESSES:** Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Commenters who cannot submit their views electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on alternatives to electronic filing.

**FOR FURTHER INFORMATION CONTACT:** Stephen L. Sharfman, General Counsel, 202-789-6820 or [stephen.sharfman@prc.gov](mailto:stephen.sharfman@prc.gov).

### SUPPLEMENTARY INFORMATION:

#### Table of Contents

- I. Introduction
- II. Additional Details
- III. Commission Analysis and Initial Action
- IV. Ordering Paragraphs

#### I. Introduction

On November 5, 2010, the United States Postal Service, invoking Commission rules 3020.90 and 91, filed a Notice with the Commission announcing a classification change