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Side-by-Side of House and Senate Versions of H.R. 22, “The Postal Accountability and Enhancement Act”

A full text comparison of the bill as approved by the House of Representatives and placed on the Senate calendar on July 27, 2005, H.R. 22 PCS (“Placed Calendar Senate”), and the bill as later approved and engrossed in the Senate with an amendment in the nature of a substitute on February 9, 2006, HR 22 EAS (Engrossed Amendment Senate).

Revised February 25, 2006

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Revision Notes

1. Feb. 9, 2006. The Senate version of H.R. 22 has been prepared using the latest available versions of amendments proposed by Senators Collins, Harkin, Stevens, and Reid to revise S. 662, as reported by the Senate committee on Jul. 14, 2005. On Feb. 9, 2006, the Senate, by unanimous consent, approved S. 662, as amended by these amendments, and then replaced the text of the House-passed version of H.R. 22 with the text of S. 662. If necessary, the text of the Senate version of H.R. 22 will be revised when the official text of H.R. 22 as passed by the Senate becomes available.
2. Feb. 10, 2006. In Senate version, corrected date of passage in Senate. Reformatted sec. 101 (both versions). Recopied from engrossed version the Senate amendment to H.R. 22 the text of major amendments to the S. 662 as reported. Repaginated document to facilitate future corrections.
3. Feb. 25, 2006. Increased font size from 8 to 9 point. Revised vertical spacing. Revised table header. Moved certain sections of H.R. 22 EAS to more relevant positions opposite corresponding text of H.R. 22 PCS.

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SECTION 1. SHORT TITLE; TABLE OF CONTENTS	SECTION 1. SHORT TITLE; TABLE OF CONTENTS	
<p>(a) Short Title.--This Act may be cited as the "Postal Accountability and Enhancement Act".</p> <p>(b) Table of Contents.--The table of contents for this Act is as follows:</p> <p>Sec. 1. Short title; table of contents.</p> <p>TITLE I--DEFINITIONS; POSTAL SERVICES</p> <p>Sec. 101. Definitions.</p> <p>Sec. 102. Postal services.</p> <p>Sec. 103. Financial transparency.</p> <p>TITLE II--MODERN RATE REGULATION</p> <p>Sec. 201. Provisions relating to market-dominant products.</p> <p>Sec. 202. Provisions relating to competitive products.</p> <p>Sec. 203. Provisions relating to experimental and new products.</p> <p>Sec. 204. Reporting requirements and related provisions.</p> <p>Sec. 205. Complaints; appellate review and enforcement.</p> <p>Sec. 206. Workshare discounts.</p> <p>Sec. 207. Clerical amendment.</p> <p>TITLE III--PROVISIONS RELATING TO FAIR COMPETITION</p> <p>Sec. 301. Postal Service Competitive Products Fund.</p> <p>Sec. 302. Assumed Federal income tax on competitive products income.</p> <p>Sec. 303. Unfair competition prohibited.</p> <p>Sec. 304. Suits by and against the Postal Service.</p> <p>Sec. 305. International postal arrangements.</p> <p>Sec. 306. Redesignation.</p> <p>TITLE IV--GENERAL PROVISIONS</p> <p>Sec. 401. Qualification requirements for Governors.</p> <p>Sec. 402. Obligations.</p> <p>Sec. 403. Private carriage of letters.</p> <p>Sec. 404. Rulemaking authority.</p> <p>Sec. 405. Noninterference with collective bargaining agreements, etc.</p>	<p>(a) Short Title.--This Act may be cited as the "Postal Accountability and Enhancement Act".</p> <p>(b) Table of Contents.--The table of contents for this Act is as follows:</p> <p>Sec. 1. Short title; table of contents.</p> <p>TITLE I--DEFINITIONS; POSTAL SERVICES</p> <p>Sec. 101. Definitions.</p> <p>Sec. 102. Postal services.</p> <p>TITLE II--MODERN RATE REGULATION</p> <p>Sec. 201. Provisions relating to market-dominant products.</p> <p>Sec. 202. Provisions relating to competitive products.</p> <p>Sec. 203. Provisions relating to experimental and new products.</p> <p>Sec. 204. Reporting requirements and related provisions.</p> <p>Sec. 205. Complaints; appellate review and enforcement.</p> <p>Sec. 206. Clerical amendment.</p> <p>TITLE III--MODERN SERVICE STANDARDS</p> <p>Sec. 301. Establishment of modern service standards.</p> <p>Sec. 302. Postal service plan.</p> <p>TITLE IV--PROVISIONS RELATING TO FAIR COMPETITION</p> <p>Sec. 401. Postal Service Competitive Products Fund.</p> <p>Sec. 402. Assumed Federal income tax on competitive products income.</p> <p>Sec. 403. Unfair competition prohibited.</p> <p>Sec. 404. Suits by and against the Postal Service.</p> <p>Sec. 405. International postal arrangements.</p> <p>TITLE V--GENERAL PROVISIONS</p> <p>Sec. 501. Qualification and term requirements for Governors.</p> <p>Sec. 502. Obligations.</p> <p>Sec. 503. Private carriage of letters.</p> <p>Sec. 504. Rulemaking authority.</p> <p>Sec. 505. Noninterference with collective bargaining agreements.</p>	

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<p>Sec. 406. Bonus and compensation authority. Sec. 407. Mediation in collective-bargaining disputes.</p> <p>TITLE V--ENHANCED REGULATORY COMMISSION</p> <p>Sec. 501. Reorganization and modification of certain provisions relating to the Postal Regulatory Commission. Sec. 502. Authority for Postal Regulatory Commission to issue subpoenas. Sec. 503. Appropriations for the Postal Regulatory Commission. Sec. 504. Redesignation of the Postal Rate Commission. Sec. 505. Officer of the Postal Regulatory Commission representing the general public.</p> <p>TITLE VI--INSPECTORS GENERAL</p> <p>Sec. 601. Inspector General of the Postal Regulatory Commission. Sec. 602. Inspector General of the United States Postal Service to be appointed by the President.</p> <p>TITLE VII--EVALUATIONS</p> <p>Sec. 701. Universal postal service study. Sec. 702. Assessments of ratemaking, classification, and other provisions. Sec. 703. Study on equal application of laws to competitive products. Sec. 704. Greater diversity in Postal Service Executive and administrative schedule management positions. Sec. 705. Plan for assisting displaced workers. Sec. 706. Contracts with women, minorities, and small businesses. Sec. 707. Rates for periodicals. Sec. 708. Assessment of certain rate deficiencies. Sec. 709. Network optimization. Sec. 710. Assessment of future business model of the postal service. Sec. 711. Study on certain proposed amendments. Sec. 712. Definition.</p> <p>TITLE VIII--MISCELLANEOUS; TECHNICAL AND CONFORMING AMENDMENTS</p> <p>Sec. 801. Employment of postal police officers. Sec. 802. Date of postmark to be treated as date of appeal in connection with the closing or consolidation of post offices. Sec. 803. Provisions relating to benefits under chapter 81 of title 5, United States Code, for officers and employees of the former Post Office Department.</p>	<p>Sec. 506. Bonus authority.</p> <p>TITLE VI--ENHANCED REGULATORY COMMISSION</p> <p>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.</p> <p>TITLE VII--EVALUATIONS</p> <p>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.</p> <p>TITLE VIII--POSTAL SERVICE RETIREMENT AND HEALTH BENEFITS FUNDING</p> <p>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.</p>	

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<p>Sec. 804. Obsolete provisions. Sec. 805. Investments. Sec. 806. Reduced rates. Sec. 807. Hazardous matter. Sec. 808. Provisions relating to cooperative mailings. Sec. 809. Technical and conforming amendments.</p> <p>TITLE IX--POSTAL PENSION FUNDING REFORM AMENDMENTS</p> <p>Sec. 901. Civil Service Retirement System. Sec. 902. Health insurance. Sec. 903. Repealer. Sec. 904. Ensuring appropriate use of escrow and military savings. Sec. 905. Effective dates.</p>	<p>TITLE IX--COMPENSATION FOR WORK INJURIES</p> <p>Sec. 901. Temporary disability; continuation of pay. Sec. 902. Disability retirement for postal employees.</p> <p>TITLE X--MISCELLANEOUS</p> <p>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.</p>	
<p>TITLE I--DEFINITIONS; POSTAL SERVICES</p>	<p>TITLE I--DEFINITIONS; POSTAL SERVICES</p>	
<p>SEC. 101. DEFINITIONS.</p> <p>Section 102 of title 39, United States Code, is amended by striking "and" at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting a semicolon, and by adding at the end the following:</p> <p>"(5) 'postal service' means the carriage of letters, printed matter, or mailable packages, including acceptance, collection, processing, delivery, or other functions supportive or ancillary thereto;</p> <p>"(6) 'product' means a postal service with a distinct cost or market characteristic for which a rate or rates are, or may reasonably be, applied;</p> <p>"(7) 'rates', as used with respect to products, includes fees for postal services;</p> <p>"(8) 'market-dominant product' or 'product in the market-dominant category of mail' means a product subject to subchapter I of chapter 36;</p> <p>"(9) 'competitive product' or 'product in the competitive category of mail' means a product subject to subchapter II of chapter 36;</p> <p>"(10) 'Consumer Price Index' means the Consumer Price Index for All Urban Consumers published monthly by the Bureau of Labor Statistics of the Department of Labor; and</p> <p>"(11) 'year', as used in chapter 36 (other than</p>	<p>SEC. 101. DEFINITIONS.</p> <p>Section 102 of title 39, United States Code, is amended by striking "and" at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting a semicolon, and by adding at the end the following:</p> <p>"(5) 'postal service' refers to the physical delivery of letters, printed matter, or packages weighing up to 70 pounds, including physical acceptance, collection, sorting, transportation, or other functions ancillary thereto;</p> <p>"(6) 'product' means a postal service with a distinct cost or market characteristic for which a rate or rates are applied;</p> <p>"(7) 'rates', as used with respect to products, includes fees for postal services;</p> <p>"(8) 'market-dominant product' or 'product in the market-dominant category of mail' means a product subject to subchapter I of chapter 36; and</p> <p>"(9) 'competitive product' or 'product in the competitive category of mail' means a product subject to subchapter II of chapter 36; and</p> <p>"(10) 'year', as used in chapter 36 (other than</p>	

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subchapters I and VI thereof), means a fiscal year."	subchapters I and VI thereof), means a fiscal year."	
<p>SEC. 102. POSTAL SERVICES.</p> <p>(a) In General.--Section 404 of title 39, United States Code, is amended--</p> <p>(1) in subsection (a), by striking paragraph (6) and by redesignating paragraphs (7) through (9) as paragraphs (6) through (8), respectively; and</p> <p>(2) by adding at the end the following:</p> <p>"(c) Nothing in this title shall be considered to permit or require that the Postal Service provide any special nonpostal or similar services, except that nothing in this subsection shall prevent the Postal Service from providing any special nonpostal or similar services provided by the Postal Service as of January 4, 2005."</p> <p>(b) Conforming Amendment.--Section 1402(b)(1)(B)(ii) of the Victims of Crime Act of 1984 (98 Stat. 2170; 42 U.S.C. 10601(b)(1)(B)(ii)) is amended by striking "404(a)(8)" and inserting "404(a)(7)".</p>	<p>SEC. 102. POSTAL SERVICES.</p> <p>(a) In General.--Section 404 of title 39, United States Code, is amended--</p> <p>(1) in subsection (a), by striking paragraph (6) and by redesignating paragraphs (7) through (9) as paragraphs (6) through (8), respectively; and</p> <p>(2) by adding at the end the following:</p> <p>"(c) Except as provided in section 411, nothing in this title shall be considered to permit or require that the Postal Service provide any special nonpostal or similar services."</p> <p>(b) Conforming Amendments.--(1) Section 1402(b)(1)(B)(ii) of the Victims of Crime Act of 1984 (98 Stat. 2170; 42 U.S.C. 10601(b)(1)(B)(ii)) is amended by striking "404(a)(8)" and inserting "404(a)(7)".</p> <p>(2) Section 2003(b)(1) of title 39, United States Code, is amended by striking "and nonpostal".</p>	
<p>SEC. 103. FINANCIAL TRANSPARENCY.</p> <p>(a) In General.--Section 101 of title 39, United States Code, is amended by redesignating subsections (d) through (g) as subsections (e) through (h), respectively, and by inserting after subsection (c) the following:</p> <p>"(d) As an establishment that provides both market-dominant and competitive products, the Postal Service shall be subject to a high degree of transparency, including in its finances and operations, to ensure fair treatment of customers of the Postal Service's market-dominant products and companies competing with the Postal Service's competitive products."</p> <p>(b) Conforming Amendment.--Section 5001 of title 39, United States Code, is amended by striking "101(e) and (f)" and inserting "101(f) and (g)".</p>	<p>SEC. 605. FINANCIAL TRANSPARENCY.</p> <p>(a) In General.--Section 101 of title 39, United States Code, is amended--</p> <p>(1) by redesignating subsections (d) through (g) as subsections (e) through (h), respectively; and</p> <p>(2) by inserting after subsection (c) the following:</p> <p>"(d) As an independent establishment of the executive branch of the Government of the United States, the Postal Service shall be subject to a high degree of transparency to ensure fair treatment of customers of the Postal Service's market-dominant products and companies competing with the Postal Service's competitive products."</p>	

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<p align="center">TITLE II--MODERN RATE REGULATION</p>	<p align="center">TITLE II--MODERN RATE REGULATION</p>	
<p>SEC. 201. PROVISIONS RELATING TO MARKET-DOMINANT PRODUCTS.</p> <p>(a) In General.--Chapter 36 of title 39, United States Code, is amended by striking sections 3621 and 3622 and inserting the following:</p> <p>"Sec. 3621. Applicability; definitions</p> <p>"(a) Applicability.--This subchapter shall apply with respect to--</p> <p>"(1)(A) single piece first-class letters (both domestic and international);</p> <p>"(B) single piece first-class cards (both domestic and international); and</p> <p>"(C) special services;</p> <p>"(2) all first-class mail not included under paragraph (1);</p> <p>"(3) periodicals;</p> <p>"(4) standard mail;</p> <p>"(5) media mail;</p> <p>"(6) library mail; and</p> <p>"(7) bound printed matter,</p> <p>subject to any changes the Postal Regulatory Commission may make under section 3642.</p> <p>"(b) Rule of Construction.--Mail matter referred to in subsection (a) shall, for purposes of this subchapter, be considered to have the meaning given to such mail matter under the mail classification schedule.</p>	<p>SEC. 201. PROVISIONS RELATING TO MARKET-DOMINANT PRODUCTS.</p> <p>(a) In General.--Chapter 36 of title 39, United States Code, is amended by striking sections 3621 and 3622 and inserting the following:</p> <p>"Sec. 3621. Applicability; definitions</p> <p>"(a) Applicability.--This subchapter shall apply with respect to--</p> <p>"(1) first-class mail letters and sealed parcels;</p> <p>"(2) first-class mail cards;</p> <p>"(3) periodicals;</p> <p>"(4) standard mail;</p> <p>"(5) single-piece parcel post;</p> <p>"(6) media mail;</p> <p>"(7) bound printed matter;</p> <p>"(8) library mail;</p> <p>"(9) special services; and</p> <p>"(10) single-piece international mail,</p> <p>subject to any changes the Postal Regulatory Commission may make under section 3642.</p> <p>"(b) Rule of Construction.--Mail matter referred to in subsection (a) shall, for purposes of this subchapter, be considered to have the meaning given to such mail matter under the mail classification schedule.</p>	
<p>"Sec. 3622. Modern rate regulation</p> <p>"(a) Authority Generally.--The Postal Regulatory Commission shall, within 24 months after the date of the enactment of this section, by regulation establish (and may from time to time thereafter by regulation revise) a modern system for regulating rates and classes for market-dominant products.</p> <p>"(b) Objectives.--Such system shall be designed to achieve the following objectives:</p> <p>"(1) To establish and maintain a fair and equitable</p>	<p>"Sec. 3622. Modern rate regulation</p> <p>"(a) Authority Generally.--The Postal Regulatory Commission shall, within 12 months after the date of enactment of this section, by regulation establish (and may from time to time thereafter by regulation revise) a modern system for regulating rates and classes for market-dominant products.</p> <p>"(b) Objectives.--Such system shall be designed to achieve the following objectives, each of which shall be applied in conjunction with the others:</p>	

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<p>schedule for rates and classification. "(2) To maximize incentives to reduce costs and increase efficiency. "(3) To create predictability and stability in rates. "(4) To maintain high quality service standards. "(5) To allow the Postal Service pricing flexibility. "(6) To assure adequate revenues, including retained earnings, to maintain financial stability. "(7) To reduce the administrative burden of the ratemaking process.</p> <p>"(c) Factors.--In establishing or revising such system, the Postal Regulatory Commission shall take into account-- "(1) the value of the mail service actually provided each class or type of mail service to both the sender and the recipient, including but not limited to the collection, mode of transportation, and priority of delivery; "(2) the direct and indirect postal costs attributable to each class or type of mail service plus that portion of all other costs of the Postal Service reasonably assignable to such class or type;</p> <p>"(3) the effect of rate increases upon the general public, business mail users, and enterprises in the private sector of the economy engaged in the delivery of mail matter other than letters; "(4) the available alternative means of sending and receiving letters and other mail matter at reasonable costs;</p>	<p>"(1) To reduce the administrative burden and increase the transparency of the ratemaking process while affording reasonable opportunities for interested parties to participate in that process. "(2) To create predictability and stability in rates. "(3) To maximize incentives to reduce costs and increase efficiency. "(4) To enhance mail security and deter terrorism by promoting secure, sender-identified mail. "(5) To allow the Postal Service pricing flexibility, including the ability to use pricing to promote intelligent mail and encourage increased mail volume during nonpeak periods. "(6) To assure adequate revenues, including retained earnings, to maintain financial stability and meet the service standards established under section 3691. "(7) To allocate the total institutional costs of the Postal Service equitably between market-dominant and competitive products. "(8) To establish and maintain a just and reasonable schedule for rates and classifications, however the objective under this paragraph shall not be construed to prohibit the Postal Service from making changes of unequal magnitude within, between, or among classes of mail.</p> <p>"(c) Factors.--In establishing or revising such system, the Postal Regulatory Commission shall take into account-- "(1) the value of the mail service actually provided each class or type of mail service to both the sender and the recipient, including but not limited to the collection, mode of transportation, and priority of delivery; "(2) the requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to each class or type of mail service through reliably identified causal relationships plus that portion of all other costs of the Postal Service reasonably assignable to such class or type; "(3) the effect of rate increases upon the general public, business mail users, and enterprises in the private sector of the economy engaged in the delivery of mail matter other than letters; "(4) the available alternative means of sending and receiving letters and other mail matter at reasonable costs;</p>	

<p align="center">H.R. 22 PCS (HOUSE VERSION)</p>	<p align="center">H.R. 22 EAS (SENATE VERSION)</p>	<p align="center">COMMENTS</p>
<p>"(5) the degree of preparation of mail for delivery into the postal system performed by the mailer and its effect upon reducing costs to the Postal Service;</p> <p>"(6) simplicity of structure for the entire schedule and simple, identifiable relationships between the rates or fees charged the various classes of mail for postal services;</p> <p>"(7) the relative value to the people of the kinds of mail matter entered into the postal system and the desirability and justification for special classifications and services of mail;</p> <p>"(8) the importance of providing classifications with extremely high degrees of reliability and speed of delivery and of providing those that do not require high degrees of reliability and speed of delivery;</p> <p>"(9) the desirability of special classifications from the point of view of both the user and of the Postal Service;</p> <p>"(10) the educational, cultural, scientific, and informational value to the recipient of mail matter; and</p> <p>"(11) the policies of this title as well as such other factors as the Commission deems appropriate.</p>	<p>"(5) the degree of preparation of mail for delivery into the postal system performed by the mailer and its effect upon reducing costs to the Postal Service;</p> <p>"(6) simplicity of structure for the entire schedule and simple, identifiable relationships between the rates or fees charged the various classes of mail for postal services;</p> <p>"(7) the importance of pricing flexibility to encourage increased mail volume and operational efficiency;</p> <p>"(8) the relative value to the people of the kinds of mail matter entered into the postal system and the desirability and justification for special classifications and services of mail;</p> <p>"(9) the importance of providing classifications with extremely high degrees of reliability and speed of delivery and of providing those that do not require high degrees of reliability and speed of delivery;</p> <p>"(10) the desirability of special classifications from the point of view of both the user and of the Postal Service;</p> <p>"(11) the educational, cultural, scientific, and informational value to the recipient of mail matter;</p> <p>"(12) the need for the Postal Service to increase its efficiency and reduce its costs, including infrastructure costs, to help maintain high quality, affordable, universal postal service; and</p> <p>"(13) the policies of this title as well as such other factors as the Commission determines appropriate.</p>	
<p>"(d) Allowable Provisions.--The system for regulating rates and classes for market-dominant products may include one or more of the following:</p> <p>"(1) Price caps, revenue targets, or other form of incentive regulation.</p> <p>"(2) Cost-of-service regulation.</p> <p>"(3) Such other form of regulation as the Commission considers appropriate to achieve, consistent with subsection (c), the objectives of subsection (b).</p>	<p>"(d) Requirements.--</p> <p>"(1) In general.--The system for regulating rates and classes for market-dominant products shall--</p> <p>"(A) include an annual limitation on the percentage changes in rates to be set by the Postal Regulatory Commission that will be equal to the change in the Consumer Price Index for All Urban Consumers unadjusted for seasonal variation over the most recent available 12-month period preceding the date the Postal Service files notice of its intention to increase rates;</p> <p>"(B) establish a schedule whereby rates, when necessary and appropriate, would change at regular intervals by predictable amounts;</p> <p>"(C) not later than 45 days before the implementation of any adjustment in rates under this section--</p> <p>"(i) require the Postal Service to provide</p>	

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<p>"(e) Limitation.--In the administration of this section, the Commission shall not permit the average rate in any subclass of mail to increase at an annual rate greater than the comparable increase in the Consumer Price Index, unless it has, after notice and opportunity for a public hearing and comment, determined that such increase is reasonable and equitable and necessary to enable the Postal Service, under best practices of honest, efficient, and economical management, to maintain and continue the development of postal services of the kind and quality adapted to the needs of the United States.</p>	<p>public notice of the adjustment; "(ii) provide an opportunity for review by the Postal Regulatory Commission; "(iii) provide for the Postal Regulatory Commission to notify the Postal Service of any noncompliance of the adjustment with the limitation under subparagraph (A); and "(iv) require the Postal Service to respond to the notice provided under clause (iii) and describe the actions to be taken to comply with the limitation under subparagraph (A); "(D) establish procedures whereby the Postal Service may adjust rates not in excess of the annual limitations under subparagraph (A); and "(E) notwithstanding any limitation set under subparagraphs (A) and (C), establish procedures whereby rates may be adjusted on an expedited basis due to unexpected and extraordinary circumstances. "(2) Limitations.-- "(A) Classes of mail.-- Except as provided under subparagraph (c), the annual limitations under paragraph (1)(A) shall apply to a class of mail, as defined in the Domestic Mail Classification Schedule as in effect on the date of enactment of the Postal Accountability and Enhancement Act. "(B) Rounding of rates and fees.--Nothing in this subsection shall preclude the Postal Service from rounding rates and fees to the nearest whole integer, if the effect of such rounding does not cause the overall rate increase for any class to exceed the Consumer Price Index for All Urban Consumers. "(C) Use of unused rate authority.-- "(i) Definition.--In this subparagraph, the term 'unused rate adjustment authority' means the difference between-- "(I) the maximum amount of a rate adjustment that the Postal Service is authorized to make in any year subject to the annual limitation under paragraph (1); and "(II) the amount of the rate adjustment the Postal Service actually makes in that year.</p>	

H.R. 22 PCS (HOUSE VERSION)	H.R. 22 EAS (SENATE VERSION)	COMMENTS
	<p>"(ii) Authority.--Subject to clause (iii), the Postal Service may use any unused rate adjustment authority for any of the 5 years following the year such authority occurred.</p> <p>"(iii) Limitations.--In exercising the authority under clause (ii) in any year, the Postal Service--</p> <p style="padding-left: 40px;">"(I) may use unused rate adjustment authority from more than 1 year;</p> <p style="padding-left: 40px;">"(II) may use any part of the unused rate adjustment authority from any year;</p> <p style="padding-left: 40px;">"(III) shall use the unused rate adjustment authority from the earliest year such authority first occurred and then each following year; and</p> <p style="padding-left: 40px;">"(IV) for any class or service, may not exceed the annual limitation under paragraph (1) by more than 2 percentage points.</p> <p>["(e) Workshare Discounts . See HR 22 PCS § 206]</p>	
<p>"(f) Transition Rule.--Until regulations under this section first take effect, rates and classes for market-dominant products shall remain subject to modification in accordance with the provisions of this chapter and section 407, as such provisions were last in effect before the date of the enactment of this section."</p> <p>(b) Repealed Sections.--Sections 3623, 3624, 3625, and 3628 of title 39, United States Code, are repealed.</p> <p>(c) Redesignation.--Chapter 36 of title 39, United States Code (as in effect after the amendment made by section 501(a)(2), but before the amendment made by section 202) is amended by striking the heading for subchapter II and inserting the following:</p> <p>"SUBCHAPTER I--PROVISIONS RELATING TO MARKET-</p>	<p>"(f) Transition Rule.--For the 1-year period beginning on the date of enactment of this section, rates and classes for market-dominant products shall remain subject to modification in accordance with the provisions of this chapter and section 407, as such provisions were last in effect before the date of enactment of this section. Proceedings initiated to consider a request for a recommended decision filed by the Postal Service during that 1-year period shall be completed in accordance with subchapter II of chapter 36 of this title and implementing regulations, as in effect before the date of enactment of this section."</p> <p>(b) Repealed Sections.--Sections 3623, 3624, 3625, and 3628 of title 39, United States Code, are repealed.</p> <p>(c) Redesignation.--Chapter 36 of title 39, United States Code (as in effect after the amendment made by section 601, but before the amendment made by section 202) is amended by striking the heading for subchapter II and inserting the following:</p> <p>"SUBCHAPTER I--PROVISIONS RELATING TO MARKET-</p>	

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DOMINANT PRODUCTS".	DOMINANT PRODUCTS".	
<p>SEC. 202. PROVISIONS RELATING TO COMPETITIVE PRODUCTS.</p> <p>Chapter 36 of title 39, United States Code, is amended by inserting after section 3629 the following:</p> <p>"SUBCHAPTER II--PROVISIONS RELATING TO COMPETITIVE PRODUCTS</p> <p>"Sec. 3631. Applicability; definitions and updates</p> <p>"(a) Applicability.--This subchapter shall apply with respect to--</p> <ul style="list-style-type: none"> "(1) priority mail; "(2) expedited mail; "(3) mailgrams; "(4) international mail; and "(5) parcel post, <p>subject to any changes the Postal Regulatory Commission may make under section 3642.</p> <p>"(b) Definition.--For purposes of this subchapter, the term 'costs attributable', as used with respect to a product, means the direct and indirect postal costs attributable to such product.</p> <p>"(c) Rule of Construction.--Mail matter referred to in subsection (a) shall, for purposes of this subchapter, be considered to have the meaning given to such mail matter under the mail classification schedule.</p>	<p>SEC. 202. PROVISIONS RELATING TO COMPETITIVE PRODUCTS.</p> <p>Chapter 36 of title 39, United States Code, is amended by inserting after section 3629 the following:</p> <p>"SUBCHAPTER II--PROVISIONS RELATING TO COMPETITIVE PRODUCTS</p> <p>"Sec. 3631. Applicability; definitions and updates</p> <p>"(a) Applicability.--This subchapter shall apply with respect to--</p> <ul style="list-style-type: none"> "(1) priority mail; "(2) expedited mail; "(3) bulk parcel post; "(4) bulk international mail; and "(5) mailgrams; <p>subject to subsection (d) and any changes the Postal Regulatory Commission may make under section 3642.</p> <p>"(b) Definition.--For purposes of this subchapter, the term 'costs attributable', as used with respect to a product, means the direct and indirect postal costs attributable to such product through reliably identified causal relationships.</p> <p>"(c) Rule of Construction.--Mail matter referred to in subsection (a) shall, for purposes of this subchapter, be considered to have the meaning given to such mail matter under the mail classification schedule.</p> <p>"(d) Limitation.--Notwithstanding any other provision of this section, nothing in this subchapter shall be considered to apply with respect to any product then currently in the market-dominant category of mail.</p>	
<p>"Sec. 3632. Action of the Governors</p> <p>"(a) Authority To Establish Rates and Classes.--The Governors shall establish rates and classes for products in the competitive category of mail in accordance with the requirements of this subchapter and regulations promulgated under section 3633.</p>	<p>"Sec. 3632. Action of the Governors</p> <p>"(a) Authority To Establish Rates and Classes.--The Governors, with the written concurrence of a majority of all of the Governors then holding office, shall establish rates and classes for products in the competitive category of mail in accordance with the requirements of</p>	

H.R. 22 PCS (HOUSE VERSION)	H.R. 22 EAS (SENATE VERSION)	COMMENTS
<p>"(b) Procedures.--</p> <p>"(1) In general.--Rates and classes shall be established in writing, complete with a statement of explanation and justification, and the date as of which each such rate or class takes effect.</p> <p>"(2) Rates or classes of general applicability.--In the case of rates or classes of general applicability in the Nation as a whole or in any substantial region of the Nation, the Governors shall cause each rate and class decision under this section and the record of the Governors' proceedings in connection with such decision to be published in the Federal Register at least 30 days before the effective date of any new rates or classes.</p> <p>"(3) Rates or classes not of general applicability.--In the case of rates or classes not of general applicability in the Nation as a whole or in any substantial region of the Nation, the Governors shall cause each rate and class decision under this section and the record of the proceedings in connection with such decision to be filed with the Postal Regulatory Commission by such date before the effective date of any new rates or classes as the Governors consider appropriate, but in no case less than 15 days.</p> <p>"(4) Criteria.--As part of the regulations required under section 3633, the Postal Regulatory Commission shall establish criteria for determining when a rate or class established under this subchapter is or is not of general applicability in the Nation as a whole or in any substantial region of the Nation.</p> <p>"(c) Transition Rule.--Until regulations under section 3633 first take effect, rates and classes for competitive products shall remain subject to modification in accordance with the provisions of this chapter and section 407, as such provisions were as last in effect before the date of the enactment of this section.</p>	<p>this subchapter and regulations promulgated under section 3633.</p> <p>"(b) Procedures.--</p> <p>"(1) In general.--Rates and classes shall be established in writing, complete with a statement of explanation and justification, and the date as of which each such rate or class takes effect.</p> <p>"(2) Public notice; review; and compliance.--Not later than 30 days before the date of implementation of any adjustment in rates under this section--</p> <p>"(A) the Governors shall provide public notice of the adjustment and an opportunity for review by the Postal Regulatory Commission;</p> <p>"(B) the Postal Regulatory Commission shall notify the Governors of any noncompliance of the adjustment with section 3633; and</p> <p>"(C) the Governors shall respond to the notice provided under subparagraph (B) and describe the actions to be taken to comply with section 3633.</p> <p>"(c) Transition Rule.--Until regulations under section 3633 first take effect, rates and classes for competitive products shall remain subject to modification in accordance with the provisions of this chapter and section 407, as such provisions were as last in effect before the date of enactment of this section.</p>	
<p>"Sec. 3633. Provisions applicable to rates for competitive products</p> <p>"The Postal Regulatory Commission shall, within 18 months after the date of the enactment of this section, promulgate (and may from time to time thereafter revise) regulations--</p> <p>"(1) to prohibit the subsidization of competitive products by market-dominant products;</p> <p>"(2) to ensure that each competitive product covers its costs attributable; and</p>	<p>"Sec. 3633. Provisions applicable to rates for competitive products</p> <p>"(a) In General.--The Postal Regulatory Commission shall, within 180 days after the date of enactment of this section, promulgate (and may from time to time thereafter revise) regulations to--</p> <p>"(1) prohibit the subsidization of competitive products by market-dominant products;</p> <p>"(2) ensure that each competitive product covers its costs attributable; and</p>	

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<p>"(3) to ensure that all competitive products collectively make a reasonable contribution to the institutional costs of the Postal Service."</p>	<p>"(3) ensure that all competitive products collectively cover their share of the institutional costs of the Postal Service.</p> <p>"(b) Review of Minimum Contribution.--Five years after the date of enactment of this section, and every 5 years thereafter, the Postal Regulatory Commission shall conduct a review to determine whether the institutional costs contribution requirement under subsection (a)(3) should be retained in its current form, modified, or eliminated. In making its determination, the Commission shall consider all relevant circumstances, including the prevailing competitive conditions in the market, and the degree to which any costs are uniquely or disproportionately associated with any competitive products."</p>	
<p>SEC. 203. PROVISIONS RELATING TO EXPERIMENTAL AND NEW PRODUCTS.</p> <p>Subchapter III of chapter 36 of title 39, United States Code, is amended to read as follows:</p> <p>"SUBCHAPTER III--PROVISIONS RELATING TO EXPERIMENTAL AND NEW PRODUCTS</p> <p>"Sec. 3641. Market tests of experimental products</p> <p>"(a) Authority.--</p> <p>"(1) In general.--The Postal Service may conduct market tests of experimental products in accordance with this section.</p> <p>"(2) Provisions waived.--A product shall not, while it is being tested under this section, be subject to the requirements of sections 3622, 3633, or 3642, or regulations promulgated under those sections.</p> <p>"(b) Conditions.--A product may not be tested under this section unless it satisfies each of the following:</p> <p>"(1) Significantly different product.--The product is, from the viewpoint of the mail users, significantly different from all products offered by the Postal Service within the 2-year period preceding the start of the test.</p> <p>"(2) Market disruption.--The introduction or continued offering of the product will not create an unfair or otherwise inappropriate competitive advantage for the Postal Service or any mailer, particularly in regard to small business concerns (as defined under subsection (h)).</p>	<p>SEC. 203. PROVISIONS RELATING TO EXPERIMENTAL AND NEW PRODUCTS.</p> <p>Subchapter III of chapter 36 of title 39, United States Code, amended to read as follows:</p> <p>"SUBCHAPTER III--PROVISIONS RELATING TO EXPERIMENTAL AND NEW PRODUCTS</p> <p>"Sec. 3641. Market tests of experimental products</p> <p>"(a) Authority.--</p> <p>"(1) In general.--The Postal Service may conduct market tests of experimental products in accordance with this section.</p> <p>"(2) Provisions waived.--A product shall not, while it is being tested under this section, be subject to the requirements of sections 3622, 3633, or 3642, or regulations promulgated under those sections.</p> <p>"(b) Conditions.--A product may not be tested under this section unless it satisfies each of the following:</p> <p>"(1) Significantly different product.--The product is, from the viewpoint of the mail users, significantly different from all products offered by the Postal Service within the 2-year period preceding the start of the test.</p> <p>"(2) Market disruption.--The introduction or continued offering of the product will not create an unfair or otherwise inappropriate competitive advantage for the Postal Service or any mailer, particularly in regard to small business concerns (as defined under subsection (h)).</p>	

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<p>"(3) Correct categorization.--The Postal Service identifies the product, for the purpose of a test under this section, as either market dominant or competitive, consistent with the criteria under section 3642(b)(1). Costs and revenues attributable to a product identified as competitive shall be included in any determination under section 3633(3) (relating to provisions applicable to competitive products collectively).</p> <p>"(c) Notice.-- "(1) In general.--At least 30 days before initiating a market test under this section, the Postal Service shall file with the Postal Regulatory Commission and publish in the Federal Register a notice-- "(A) setting out the basis for the Postal Service's determination that the market test is covered by this section; and "(B) describing the nature and scope of the market test. "(2) Safeguards.--For a competitive experimental product, the provisions of section 504(g) shall be available with respect to any information required to be filed under paragraph (1) to the same extent and in the same manner as in the case of any matter described in section 504(g)(1). Nothing in paragraph (1) shall be considered to permit or require the publication of any information as to which confidential treatment is accorded under the preceding sentence (subject to the same exception as set forth in section 504(g)(3)).</p>	<p>"(3) Correct categorization.--The Postal Service identifies the product, for the purpose of a test under this section, as either market-dominant or competitive, consistent with the criteria under section 3642(b)(1). Costs and revenues attributable to a product identified as competitive shall be included in any determination under section 3633(3)(relating to provisions applicable to competitive products collectively). Any test that solely affects products currently classified as competitive, or which provides services ancillary to only competitive products, shall be presumed to be in the competitive product category without regard to whether a similar ancillary product exists for market-dominant products.</p> <p>"(c) Notice.-- "(1) In general.--At least 30 days before initiating a market test under this section, the Postal Service shall file with the Postal Regulatory Commission and publish in the Federal Register a notice-- "(A) setting out the basis for the Postal Service's determination that the market test is covered by this section; and "(B) describing the nature and scope of the market test. "(2) Safeguards.--For a competitive experimental product, the provisions of section 504(g) shall be available with respect to any information required to be filed under paragraph (1) to the same extent and in the same manner as in the case of any matter described in section 504(g)(1). Nothing in paragraph (1) shall be considered to permit or require the publication of any information as to which confidential treatment is accorded under the preceding sentence (subject to the same exception as set forth in section 504(g)(3)).</p>	
<p>"(d) Duration.-- "(1) In general.--A market test of a product under this section may be conducted over a period of not to exceed 24 months. "(2) Extension authority.--If necessary in order to determine the feasibility or desirability of a product being tested under this section, the Postal Regulatory Commission may, upon written application of the Postal Service (filed not later than 60 days before the date as of which the testing of such product would otherwise be scheduled to terminate under paragraph (1)), extend the testing of such product for not to</p>	<p>"(d) Duration.-- "(1) In general.--A market test of a product under this section may be conducted over a period of not to exceed 24 months. "(2) Extension authority.--If necessary in order to determine the feasibility or desirability of a product being tested under this section, the Postal Regulatory Commission may, upon written application of the Postal Service (filed not later than 60 days before the date as of which the testing of such product would otherwise be scheduled to terminate under paragraph (1)), extend the testing of such product for not to exceed an additional 12 months.</p>	

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<p>exceed an additional 12 months.</p> <p>"(e) Dollar-Amount Limitation.-- "(1) In general.--A product may be tested under this section only if the total revenues that are anticipated, or in fact received, by the Postal Service from such product do not exceed \$10,000,000 nationwide in any year, subject to paragraph (2) and subsection (g). In carrying out the preceding sentence, the Postal Regulatory Commission may limit the amount of revenues the Postal Service may obtain from any particular geographic market as necessary to prevent market disruption (as defined in subsection (b)(2)). "(2) Exemption authority.--The Postal Regulatory Commission may, upon written application of the Postal Service, exempt the market test from the limit in paragraph (1) if the total revenues that are anticipated, or in fact received, by the Postal Service from such product do not exceed \$50,000,000 in any year, subject to subsection (g). In reviewing an application under this paragraph, the Postal Regulatory Commission shall approve such application if it determines that-- "(A) the product is likely to benefit the public and meet an expected demand; "(B) the product is likely to contribute to the financial stability of the Postal Service; and "(C) the product is not likely to result in unfair or otherwise inappropriate competition.</p> <p>"(f) Cancellation.--If the Postal Regulatory Commission at any time determines that a market test under this section fails, with respect to any particular product, to meet one or more of the requirements of this section, it may order the cancellation of the test involved or take such other action as it considers appropriate. A determination under this subsection shall be made in accordance with such procedures as the Commission shall by regulation prescribe.</p> <p>"(g) Adjustment for Inflation.--For purposes of each year following the year in which occurs the deadline for the Postal Service's first report to the Postal Regulatory Commission under section 3652(a), each dollar amount contained in this section shall be adjusted by the change in the Consumer Price Index for such year (as determined under regulations of the Commission).</p> <p>"(h) Definition of a Small Business Concern.--The criteria used in</p>	<p>"(e) Dollar-Amount Limitation.-- "(1) In general.--A product may only be tested under this section if the total revenues that are anticipated, or in fact received, by the Postal Service from such product do not exceed \$10,000,000 in any year, subject to paragraph (2) and subsection (g).</p> <p>"(2) Exemption authority.--The Postal Regulatory Commission may, upon written application of the Postal Service, exempt the market test from the limit in paragraph (1) if the total revenues that are anticipated, or in fact received, by the Postal Service from such product do not exceed \$50,000,000 in any year, subject to subsection (g). In reviewing an application under this paragraph, the Postal Regulatory Commission shall approve such application if it determines that-- "(A) the product is likely to benefit the public and meet an expected demand; "(B) the product is likely to contribute to the financial stability of the Postal Service; and "(C) the product is not likely to result in unfair or otherwise inappropriate competition.</p> <p>"(f) Cancellation.--If the Postal Regulatory Commission at any time determines that a market test under this section fails to meet 1 or more of the requirements of this section, it may order the cancellation of the test involved or take such other action as it considers appropriate. A determination under this subsection shall be made in accordance with such procedures as the Commission shall by regulation prescribe.</p> <p>"(g) Adjustment for Inflation.--For purposes of each year following the year in which occurs the deadline for the Postal Service's first report to the Postal Regulatory Commission under section 3652(a), each dollar amount contained in this section shall be adjusted by the change in the Consumer Price Index for such year (as determined under regulations of the Commission).</p> <p>"(h) Definition of a Small Business Concern.--The criteria used in</p>	

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<p>defining small business concerns or otherwise categorizing business concerns as small business concerns shall, for purposes of this section, be established by the Postal Regulatory Commission in conformance with the requirements of section 3 of the Small Business Act.</p> <p>"(i) Effective Date.--Market tests under this subchapter may be conducted in any year beginning with the first year in which occurs the deadline for the Postal Service's first report to the Postal Regulatory Commission under section 3652(a).</p>	<p>defining small business concerns or otherwise categorizing business concerns as small business concerns shall, for purposes of this section, be established by the Postal Regulatory Commission in conformance with the requirements of section 3 of the Small Business Act.</p> <p>"(i) Effective Date.--Market tests under this subchapter may be conducted in any year beginning with the first year in which occurs the deadline for the Postal Service's first report to the Postal Regulatory Commission under section 3652(a).</p>	
<p>"Sec. 3642. New products and transfers of products between the market-dominant and competitive categories of mail</p> <p>"(a) In General.--Upon request of the Postal Service or users of the mails, or upon its own initiative, the Postal Regulatory Commission may change the list of market-dominant products under section 3621 and the list of competitive products under section 3631 by adding new products to the lists, removing products from the lists, or transferring products between the lists.</p> <p>"(b) Criteria.--All determinations by the Postal Regulatory Commission under subsection (a) shall be made in accordance with the following criteria:</p> <p>"(1) The market-dominant category of products shall consist of each product in the sale of which the Postal Service exercises sufficient market power that it can effectively set the price of such product substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing business to other firms offering similar products. The competitive category of products shall consist of all other products.</p> <p>"(2) Exclusion of products covered by postal monopoly.--A product covered by the postal monopoly shall not be subject to transfer under this section from the market-dominant category of mail. For purposes of the preceding sentence, the term 'product covered by the postal monopoly' means any product the conveyance or transmission of which is reserved to the United States under section 1696 of title 18, subject to the same exception as set forth in the last sentence of section 409(e)(1).</p> <p>"(3) Additional considerations.--In making any decision under this section, due regard shall be given to--</p> <p>"(A) the availability and nature of enterprises in</p>	<p>"Sec. 3642. New products and transfers of products between the market-dominant and competitive categories of mail</p> <p>"(a) In General.--Upon request of the Postal Service or users of the mails, or upon its own initiative, the Postal Regulatory Commission may change the list of market-dominant products under section 3621 and the list of competitive products under section 3631 by adding new products to the lists, removing products from the lists, or transferring products between the lists.</p> <p>"(b) Criteria.--All determinations by the Postal Regulatory Commission under subsection (a) shall be made in accordance with the following criteria:</p> <p>"(1) The market-dominant category of products shall consist of each product in the sale of which the Postal Service exercises sufficient market power that it can effectively set the price of such product substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing substantial business to other firms offering similar products. The competitive category of products shall consist of all other products.</p> <p>"(2) Exclusion of products covered by postal monopoly.--A product covered by the postal monopoly shall not be subject to transfer under this section from the market-dominant category of mail. For purposes of the preceding sentence, the term 'product covered by the postal monopoly' means any product the conveyance or transmission of which is reserved to the United States under section 1696 of title 18, subject to the same exception as set forth in the last sentence of section 409(e)(1).</p> <p>"(3) Additional considerations.--In making any decision under this section, due regard shall be given to--</p> <p>"(A) the availability and nature of enterprises in</p>	

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<p>the private sector engaged in the delivery of the product involved;</p> <p>"(B) the views of those who use the product involved on the appropriateness of the proposed action; and</p> <p>"(C) the likely impact of the proposed action on small business concerns (within the meaning of section 3641(h)).</p> <p>"(c) Transfers of Subclasses and Other Subordinate Units Allowable.--Nothing in this title shall be considered to prevent transfers under this section from being made by reason of the fact that they would involve only some (but not all) of the subclasses or other subordinate units of the class of mail or type of postal service involved (without regard to satisfaction of minimum quantity requirements standing alone).</p> <p>"(d) Notification and Publication Requirements.--</p> <p>"(1) Notification requirement.--The Postal Service shall, whenever it requests to add a product or transfer a product to a different category, file with the Postal Regulatory Commission and publish in the Federal Register a notice setting out the basis for its determination that the product satisfies the criteria under subsection (b) and, in the case of a request to add a product or transfer a product to the competitive category of mail, that the product meets the regulations promulgated by the Postal Regulatory Commission pursuant to section 3633. The provisions of section 504(g) shall be available with respect to any information required to be filed.</p> <p>"(2) Publication requirement.--The Postal Regulatory Commission shall, whenever it changes the list of products in the market-dominant or competitive category of mail, prescribe new lists of products. The revised lists shall indicate how and when any previous lists (including the lists under sections 3621 and 3631) are superseded, and shall be published in the Federal Register.</p> <p>"(e) Notification Requirement.--The Postal Regulatory Commission shall, whenever it reaches a conclusion that a product or products should be transferred between the list of market-dominant products under section 3621 and the list of competitive products under section 3631, immediately notify the appropriate committees of the Congress. No such transfer may take effect less than 12 months after such conclusion.</p>	<p>the private sector engaged in the delivery of the product involved;</p> <p>"(B) the views of those who use the product involved on the appropriateness of the proposed action; and</p> <p>"(C) the likely impact of the proposed action on small business concerns (within the meaning of section 3641(h)).</p> <p>"(c) Transfers of Subclasses and Other Subordinate Units Allowable.--Nothing in this title shall be considered to prevent transfers under this section from being made by reason of the fact that they would involve only some (but not all) of the subclasses or other subordinate units of the class of mail or type of postal service involved (without regard to satisfaction of minimum quantity requirements standing alone).</p> <p>"(d) Notification and Publication Requirements.--</p> <p>"(1) Notification requirement.--The Postal Service shall, whenever it requests to add a product or transfer a product to a different category, file with the Postal Regulatory Commission and publish in the Federal Register a notice setting out the basis for its determination that the product satisfies the criteria under subsection (b) and, in the case of a request to add a product or transfer a product to the competitive category of mail, that the product meets the regulations promulgated by the Postal Regulatory Commission under section 3633. The provisions of section 504(g) shall be available with respect to any information required to be filed.</p> <p>"(2) Publication requirement.--The Postal Regulatory Commission shall, whenever it changes the list of products in the market-dominant or competitive category of mail, prescribe new lists of products. The revised lists shall indicate how and when any previous lists (including the lists under sections 3621 and 3631) are superseded, and shall be published in the Federal Register.</p>	

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<p>"(f) Prohibition.--Except as provided in section 3641, no product that involves the carriage of letters, printed matter, or mailable packages may be offered by the Postal Service unless it has been assigned to the market-dominant or competitive category of mail (as appropriate) either--</p> <p>"(1) under this subchapter; or</p> <p>"(2) by or under any other provision of law.".</p>	<p>"(e) Prohibition.--Except as provided in section 3641, no product that involves the physical delivery of letters, printed matter, or packages may be offered by the Postal Service unless it has been assigned to the market-dominant or competitive category of mail (as appropriate) either--</p> <p>"(1) under this subchapter; or</p> <p>"(2) by or under any other provision of law.".</p>	
<p>SEC. 204. REPORTING REQUIREMENTS AND RELATED PROVISIONS.</p> <p>(a) Redesignation.--Chapter 36 of title 39, United States Code (as in effect before the amendment made by subsection (b)) is amended by striking the heading for subchapter IV and inserting the following:</p> <p>"SUBCHAPTER V--POSTAL SERVICES, COMPLAINTS, AND JUDICIAL REVIEW".</p> <p>(b) Reports and Compliance.--Chapter 36 of title 39, United States Code, is amended by inserting after subchapter III the following:</p> <p>"SUBCHAPTER IV--REPORTING REQUIREMENTS AND RELATED PROVISIONS</p>	<p>SEC. 204. REPORTING REQUIREMENTS AND RELATED PROVISIONS.</p> <p>(a) Redesignation.--Chapter 36 of title 39, United States Code (as in effect before the amendment made by subsection (b)) is amended--</p> <p>(1) by striking the heading for subchapter IV and inserting the following:</p> <p>"SUBCHAPTER V--POSTAL SERVICES, COMPLAINTS, AND JUDICIAL REVIEW"; and</p> <p>(2) by striking the heading for subchapter V and inserting the following:</p> <p>"SUBCHAPTER VI--GENERAL".</p> <p>(b) Reports and Compliance.--Chapter 36 of title 39, United States Code, is amended by inserting after subchapter III the following:</p> <p>"SUBCHAPTER IV--REPORTING REQUIREMENTS AND RELATED PROVISIONS</p>	
<p>"Sec. 3651. Annual reports by the Commission</p> <p>"(a) In General.--The Postal Regulatory Commission shall submit an annual report to the President and the Congress concerning the operations of the Commission under this title, including the extent to which regulations are achieving the objectives under sections 3622 and 3633, respectively.</p> <p>"(b) Additional Information.--In addition to the information required under subsection (a), each report under this section shall also include, with respect to the period covered by such report, an estimate of the costs incurred by the Postal Service in providing--</p> <p>"(1) postal services to areas of the Nation where, in the</p>	<p>"Sec. 3651. Annual reports by the Commission</p> <p>"(a) In General.--The Postal Regulatory Commission shall submit an annual report to the President and the Congress concerning the operations of the Commission under this title, including the extent to which regulations are achieving the objectives under sections 3622, 3633, and 3691.</p> <p>"(b) Information From Postal Service.--The Postal Service shall provide the Postal Regulatory Commission with such information as may, in the judgment of the Commission, be necessary in order for the Commission to prepare its reports under this section.</p>	

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<p>judgment of the Postal Regulatory Commission, the Postal Service either would not provide services at all or would not provide such services in accordance with the requirements of this title if the Postal Service were not required to provide prompt, reliable, and efficient services to patrons in all areas and all communities, including as required under the first sentence of section 101(b);</p> <p>"(2) free or reduced rates for postal services as required by this title; and</p> <p>"(3) other public services or activities which, in the judgment of the Postal Regulatory Commission, would not otherwise have been provided by the Postal Service but for the requirements of law.</p> <p>The Commission shall detail the bases for its estimates and the statutory requirements giving rise to the costs identified in each report under this section.</p> <p>"(c) Information From Postal Service.--The Postal Service shall provide the Postal Regulatory Commission with such information as may, in the judgment of the Commission, be necessary in order for the Commission to prepare its reports under this section.</p>		
<p>"Sec. 3652. Annual reports to the Commission</p> <p>"(a) Costs, Revenues, and Rates.--Except as provided in subsection (c), the Postal Service shall, no later than 90 days after the end of each year, prepare and submit to the Postal Regulatory Commission a report (together with such nonpublic annex thereto as the Commission may require under subsection (e))--</p> <p>"(1) which shall analyze costs, revenues, and rates, using such methodologies as the Commission shall by regulation prescribe, and in sufficient detail to demonstrate that the rates in effect for all products during such year complied with all applicable requirements of this title; and</p> <p>"(2) which shall, for each market-dominant product provided in such year, provide--</p> <p>"(A) market information, including mail volumes; and</p> <p>"(B) measures of the quality of service afforded by the Postal Service in connection with such product, including--</p> <p>"(i) the service standard applicable to such product;</p> <p>"(ii) the level of service (described in</p>	<p>"Sec. 3652. Annual reports to the Commission</p> <p>"(a) Costs, Revenues, Rates, and Service.--Except as provided in subsection (c), the Postal Service shall, no later than 90 days after the end of each year, prepare and submit to the Postal Regulatory Commission a report (together with such nonpublic annex to the report as the Commission may require under subsection (e))--</p> <p>"(1) which shall analyze costs, revenues, rates, and quality of service in sufficient detail to demonstrate that all products during such year complied with all applicable requirements of this title; and</p> <p>"(2) which shall, for each market-dominant product provided in such year, provide--</p> <p>"(A) product information, including mail volumes; and</p> <p>"(B) measures of the service afforded by the Postal Service in connection with such product, including--</p> <p>"(i) the level of service (described in</p>	

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<p>terms of speed of delivery and reliability) provided; and "(iii) the degree of customer satisfaction with the service provided.</p> <p>The Inspector General shall regularly audit the data collection systems and procedures utilized in collecting information and preparing such report (including any annex thereto and the information required under subsection (b)). The results of any such audit shall be submitted to the Postal Service and the Postal Regulatory Commission.</p> <p>"(b) Information Relating to Workshare Discounts.-- "(1) In general.--The Postal Service shall include, in each report under subsection (a), the following information with respect to each market-dominant product for which a workshare discount was in effect during the period covered by such report: "(A) The per-item cost avoided by the Postal Service by virtue of such discount. "(B) The percentage of such per-item cost avoided that the per-item workshare discount represents. "(C) The per-item contribution made to institutional costs. "(2) Workshare discount defined.--For purposes of this subsection, the term 'workshare discount' has the meaning given such term under section 3687.</p> <p>"(c) Market Tests.--In carrying out subsections (a) and (b) with respect to experimental products offered through market tests under section 3641 in a year, the Postal Service-- "(1) may report summary data on the costs, revenues, and quality of service by market test; and "(2) shall report such data as the Postal Regulatory Commission requires.</p> <p>"(d) Supporting Matter.--The Postal Regulatory Commission shall have access, in accordance with such regulations as the Commission shall prescribe, to the working papers and any other supporting matter of the Postal Service and the Inspector General in connection with any information submitted under this section.</p> <p>"(e) Content and Form of Reports.-- "(1) In general.--The Postal Regulatory Commission shall,</p>	<p>terms of speed of delivery and reliability) provided; and "(ii) the degree of customer satisfaction with the service provided.</p> <p>Before submitting a report under this subsection (including any annex to the report and the information required under subsection (b)), the Postal Service shall have the information contained in such report (and annex) audited by the Inspector General. The results of any such audit shall be submitted along with the report to which it pertains.</p> <p>"(b) Information Relating to Workshare Discounts.--The Postal Service shall include, in each report under subsection (a), the following information with respect to each market-dominant product for which a workshare discount was in effect during the period covered by such report: "(1) The per-item cost avoided by the Postal Service by virtue of such discount. "(2) The percentage of such per-item cost avoided that the per-item workshare discount represents. "(3) The per-item contribution made to institutional costs.</p> <p>"(c) Service Agreements and Market Tests.--In carrying out subsections (a) and (b) with respect to service agreements and experimental products offered through market tests under section 3641 in a year, the Postal Service-- "(1) may report summary data on the costs, revenues, and quality of service by service agreement and market test; and "(2) shall report such data as the Postal Regulatory Commission requires.</p> <p>"(d) Supporting Matter.--The Postal Regulatory Commission shall have access, in accordance with such regulations as the Commission shall prescribe, to the working papers and any other supporting matter of the Postal Service and the Inspector General in connection with any information submitted under this section.</p> <p>"(e) Content and Form of Reports.-- "(1) In general.--The Postal Regulatory Commission shall,</p>	

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<p>by regulation, prescribe the content and form of the public reports (and any nonpublic annex and supporting matter relating thereto) to be provided by the Postal Service under this section. In carrying out this subsection, the Commission shall give due consideration to--</p> <p>"(A) providing the public with adequate information to assess the lawfulness of rates charged;</p> <p>"(B) avoiding unnecessary or unwarranted administrative effort and expense on the part of the Postal Service; and</p> <p>"(C) protecting the confidentiality of commercially sensitive information.</p> <p>"(2) Revised requirements.--The Commission may, on its own motion or on request of an interested party, initiate proceedings (to be conducted in accordance with regulations that the Commission shall prescribe) to improve the quality, accuracy, or completeness of Postal Service data required by the Commission under this subsection whenever it shall appear that--</p> <p>"(A) the attribution of costs or revenues to products has become significantly inaccurate or can be significantly improved;</p> <p>"(B) the quality of service data has become significantly inaccurate or can be significantly improved; or</p> <p>"(C) those revisions are, in the judgment of the Commission, otherwise necessitated by the public interest.</p> <p>"(f) Confidential Information.--</p> <p>"(1) In general.--If the Postal Service determines that any document or portion of a document, or other matter, which it provides to the Postal Regulatory Commission in a nonpublic annex under this section or pursuant to subsection (d) contains information which is described in section 410(c) of this title, or exempt from public disclosure under section 552(b) of title 5, the Postal Service shall, at the time of providing such matter to the Commission, notify the Commission of its determination, in writing, and describe with particularity the documents (or portions of documents) or other matter for which confidentiality is sought and the reasons therefor.</p> <p>"(2) Treatment.--Any information or other matter described in paragraph (1) to which the Commission gains access under this section shall be subject to paragraphs (2) and (3) of</p>	<p>by regulation, prescribe the content and form of the public reports (and any nonpublic annex and supporting matter relating to the report) to be provided by the Postal Service under this section. In carrying out this subsection, the Commission shall give due consideration to--</p> <p>"(A) providing the public with timely, adequate information to assess the lawfulness of rates charged;</p> <p>"(B) avoiding unnecessary or unwarranted administrative effort and expense on the part of the Postal Service; and</p> <p>"(C) protecting the confidentiality of commercially sensitive information.</p> <p>"(2) Revised requirements.--The Commission may, on its own motion or on request of an interested party, initiate proceedings (to be conducted in accordance with regulations that the Commission shall prescribe) to improve the quality, accuracy, or completeness of Postal Service data required by the Commission under this subsection whenever it shall appear that--</p> <p>"(A) the attribution of costs or revenues to products has become significantly inaccurate or can be significantly improved;</p> <p>"(B) the quality of service data has become significantly inaccurate or can be significantly improved; or</p> <p>"(C) such revisions are, in the judgment of the Commission, otherwise necessitated by the public interest.</p> <p>"(f) Confidential Information.--</p> <p>"(1) In general.--If the Postal Service determines that any document or portion of a document, or other matter, which it provides to the Postal Regulatory Commission in a nonpublic annex under this section or under subsection (d) contains information which is described in section 410(c) of this title, or exempt from public disclosure under section 552(b) of title 5, the Postal Service shall, at the time of providing such matter to the Commission, notify the Commission of its determination, in writing, and describe with particularity the documents (or portions of documents) or other matter for which confidentiality is sought and the reasons therefor.</p> <p>"(2) Treatment.--Any information or other matter described in paragraph (1) to which the Commission gains access under this section shall be subject to paragraphs (2) and (3) of</p>	

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<p>section 504(g) in the same way as if the Commission had received notification with respect to such matter under section 504(g)(1).</p> <p>"(g) Other Reports.--The Postal Service shall submit to the Postal Regulatory Commission, together with any other submission that it is required to make under this section in a year, copies of its then most recent--</p> <ul style="list-style-type: none"> "(1) comprehensive statement under section 2401(e); "(2) performance plan under section 2803; and "(3) program performance reports under section 2804. 	<p>section 504(g) in the same way as if the Commission had received notification with respect to such matter under section 504(g)(1).</p> <p>"(g) Other Reports.--The Postal Service shall submit to the Postal Regulatory Commission, together with any other submission that the Postal Service is required to make under this section in a year, copies of its then most recent--</p> <ul style="list-style-type: none"> "(1) comprehensive statement under section 2401(e); "(2) strategic plan under section 2802; "(3) performance plan under section 2803; and "(4) program performance reports under section 2804. 	
<p>"Sec. 3653. Annual determination of compliance</p> <p>"(a) Opportunity for Public Comment.--After receiving the reports required under section 3652 for any year, the Postal Regulatory Commission shall promptly provide an opportunity for comment on such reports by users of the mails, affected parties, and an officer of the Commission who shall be required to represent the interests of the general public.</p> <p>"(b) Determination of Compliance or Noncompliance.--Not later than 90 days after receiving the submissions required under section 3652 with respect to a year, the Postal Regulatory Commission shall make a written determination as to--</p> <ul style="list-style-type: none"> "(1) whether any rates or fees in effect during such year (for products individually or collectively) were not in compliance with applicable provisions of this chapter (or regulations promulgated thereunder); "(2) whether any performance goals established under section 2803 or 2804 for such year were not met; and "(3) whether any market-dominant product failed to meet any service standard during such year. <p>If, with respect to a year, no instance of noncompliance is found under this subsection to have occurred in such year, the written determination shall be to that effect.</p> <p>"(c) If Any Noncompliance Is Found.--If, for a year, a timely written determination of noncompliance is made under subsection (b), the Postal Regulatory Commission shall take appropriate action in accordance with subsections (c)-(e) of section 3662 (as if a complaint averring such noncompliance had been duly filed and found under such section to be justified).</p>	<p>"Sec. 3653. Annual determination of compliance</p> <p>"(a) Opportunity for Public Comment.--After receiving the reports required under section 3652 for any year, the Postal Regulatory Commission shall promptly provide an opportunity for comment on such reports by users of the mails, affected parties, and an officer of the Commission who shall be required to represent the interests of the general public.</p> <p>"(b) Determination of Compliance or Noncompliance.--Not later than 90 days after receiving the submissions required under section 3652 with respect to a year, the Postal Regulatory Commission shall make a written determination as to--</p> <ul style="list-style-type: none"> "(1) whether any rates or fees in effect during such year (for products individually or collectively) were not in compliance with applicable provisions of this chapter (or regulations promulgated thereunder); or "(2) whether any service standards in effect during such year were not met. <p>If, with respect to a year, no instance of noncompliance is found under this subsection to have occurred in such year, the written determination shall be to that effect.</p> <p>"(c) If Any Noncompliance Is Found.--If, for a year, a timely written determination of noncompliance is made under subsection (b), the Postal Regulatory Commission shall take any appropriate remedial action authorized by section 3662(c).</p>	

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<p>"(d) Rebuttable Presumption.--A timely written determination described in the last sentence of subsection (b) shall, for purposes of any proceeding under section 3662, create a rebuttable presumption of compliance by the Postal Service (with regard to the matters described in paragraphs (1) through (3) of subsection (b)) during the year to which such determination relates.</p>	<p>"(d) Rebuttable Presumption.--A timely written determination described in the last sentence of subsection (b) shall, for purposes of any proceeding under section 3662, create a rebuttable presumption of compliance by the Postal Service (with regard to the matters described under paragraphs (1) and (2) of subsection (b)) during the year to which such determination relates."</p>	
<p>"Sec. 3654. Additional financial reporting</p> <p>"(a) Additional Financial Reporting.--</p> <p>"(1) In general.--The Postal Service shall file with the Postal Regulatory Commission beginning with the first full fiscal year following the effective date of this section—</p> <p style="padding-left: 40px;">"(A) within 35 days after the end of each fiscal quarter, a quarterly report containing the information required by the Securities and Exchange Commission to be included in quarterly reports under sections 13 and 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m, 78o(d)) on Form 10-Q, as such Form (or any successor form) may be revised from time to time;</p> <p style="padding-left: 40px;">"(B) within 60 days after the end of each fiscal year, an annual report containing the information required by the Securities and Exchange Commission to be included in annual reports under such sections on Form 10-K, as such Form (or any successor form) may be revised from time to time; and</p> <p style="padding-left: 40px;">"(C) periodic reports within the time frame and containing the information prescribed in Form 8-K of the Securities and Exchange Commission, as such Form (or any successor form) may be revised from time to time.</p> <p>"(2) Registrant defined.--For purposes of defining the reports required by paragraph (1), the Postal Service shall be deemed to be the 'registrant' described in the Securities and Exchange Commission Forms, and references contained in such Forms to Securities and Exchange Commission regulations are incorporated herein by reference, as amended.</p> <p>"(3) Internal control report.--For purposes of defining the reports required by paragraph (1)(B), the Postal Service</p>	<p>[SEC. 605(b). FINANCIAL TRANSPARENCY]</p> <p>(b) Financial Reporting Requirements and Enforcement Powers Applicable to Postal Service.--Section 503 of title 39, United States Code (as so redesignated by section 601 and 604) is amended by--</p> <p style="padding-left: 40px;">(1) inserting "(a)" before "The Postal Regulatory Commission shall promulgate"; and</p> <p style="padding-left: 40px;">(2) adding at the end the following:</p> <p style="padding-left: 40px;">"(b)(1) Beginning with the first full fiscal year following the date of enactment of the Postal Accountability and Enhancement Act, the Postal Service shall file with the Postal Regulatory Commission --</p> <p style="padding-left: 80px;">"(A) within 35 days after the end of each fiscal quarter, a quarterly report containing the information prescribed in Form 10-Q of the Securities and Exchange Commission under section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), or any revised or successor form;</p> <p style="padding-left: 80px;">"(B) within 60 days after the end of each fiscal year, an annual report containing the information prescribed in Form 10-K of the Securities and Exchange Commission under section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), or any revised or successor form; and</p> <p style="padding-left: 80px;">"(C) periodic reports within the time frame and containing the information prescribed in Form 8-K of the Securities and Exchange Commission under section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m), or any revised or successor form.</p> <p style="padding-left: 40px;">"(2) For purposes of preparing the reports required under paragraph (1), the Postal Service shall be deemed to be the registrant described in the Securities and Exchange Commission forms, and references contained in such forms to Securities and Exchange Commission regulations are applicable.</p> <p style="padding-left: 40px;">"(3) For purposes of preparing the reports required under paragraph (1), the Postal Service shall comply with the rules</p>	

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<p>shall comply with the rules prescribed by the Securities and Exchange Commission implementing section 404 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7262), beginning with the annual report for fiscal year 2007.</p> <p>"(b) Financial reporting.--</p> <p>"(1) The reports required by subsection (a)(1)(B) shall include, with respect to the Postal Service's pension and post-retirement health obligations--</p> <p>"(A) the funded status of the Postal Service's pension and --postretirement health obligations;</p> <p>"(B) components of the net change in the fund balances and obligations and the nature and cause of any significant changes;</p> <p>"(C) components of net periodic costs;</p> <p>"(D) cost methods and assumptions underlying the relevant actuarial valuations;</p> <p>"(E) the effect of a one-percentage point increase in the assumed health care cost trend rate for each future year on the service and interest costs components of net periodic postretirement health cost and the accumulated obligation;</p> <p>"(F) actual contributions to and payments from the funds for the years presented and the estimated future contributions and payments for each of the following 5 years;</p> <p>"(G) the composition of plan assets reflected in the fund balances; and</p> <p>"(H) the assumed rate of return on fund balances and the actual rates of return for the years presented.</p> <p>"(2)(A) Beginning with reports for the fiscal year 2007, for purposes of the reports required under subparagraphs (A) and (B) of subsection (a)(1), the Postal Service shall include segment reporting.</p> <p>"(B) The Postal Service shall determine the appropriate segment reporting under subparagraph (A) after consultation with the Postal Regulatory Commission.</p> <p>"(c) Treatment.--For purposes of the reports required by subsection (a)(1)(B), the Postal Service shall obtain an opinion from an independent auditor on whether the information listed in subsection (b) is fairly stated in all material respects, either in relation to the basic financial statements as a whole or on a stand-alone basis.</p>	<p>prescribed by the Securities and Exchange Commission implementing section 404 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7262; Public Law 107-204) beginning with fiscal year 2007 and in each fiscal year thereafter.</p> <p>"(c)(1) The reports required under subsection (b)(1)(B) shall include, with respect to the financial obligations of the Postal Service under chapters 83, 84, and 89 of title 5 for retirees of the Postal Service--</p> <p>"(A) the funded status of such obligations of the Postal Service;</p> <p>"(B) components of the net change in the fund balances and obligations and the nature and cause of any significant changes;</p> <p>"(C) components of net periodic costs;</p> <p>"(D) cost methods and assumptions underlying the relevant actuarial valuations;</p> <p>"(E) the effect of a one-percentage point increase in the assumed health care cost trend rate for each future year on the service and interest costs components of net periodic cost and the accumulated obligation of the Postal Service under chapter 89 of title 5 for retirees of the Postal Service;</p> <p>"(F) actual contributions to and payments from the funds for the years presented and the estimated future contributions and payments for each of the following 5 years;</p> <p>"(G) the composition of plan assets reflected in the fund balances; and</p> <p>"(H) the assumed rate of return on fund balances and the actual rates of return for the years presented.</p> <p>"(2)(A) Beginning with the fiscal year 2007 and in each fiscal year thereafter, for purposes of the reports required under subsection (b)(1) (A) and (B), the Postal Service shall include segment reporting.</p> <p>"(B) The Postal Service shall determine the appropriate segment reporting under subparagraph (A), after consultation with the Postal Regulatory Commission.</p> <p>"(d) For purposes of the annual reports required under subsection (b)(1)(B), the Postal Service shall obtain an opinion from an independent auditor on whether the information listed under subsection (c) is fairly stated in all material respects, either in relation to the basic financial statements as a whole or on a stand-alone basis.</p>	

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<p>"(d) Supporting Matter.--The Postal Regulatory Commission shall have access to the audit documentation and any other supporting matter of the Postal Service and its independent auditor in connection with any information submitted under this section.</p> <p>"(e) Revised Requirements.--The Postal Regulatory Commission may, on its own motion or on request of an interested party, initiate proceedings (to be conducted in accordance with regulations that the Commission shall prescribe) to improve the quality, accuracy, or completeness of Postal Service data required under this section whenever it shall appear that--</p> <p style="padding-left: 40px;">"(1) the data have become significantly inaccurate or can be significantly improved; or</p> <p style="padding-left: 40px;">"(2) those revisions are, in the judgment of the Commission, otherwise necessitated by the public interest.</p> <p>"(f) Confidential Information.--</p> <p style="padding-left: 40px;">"(1) In general.--If the Postal Service determines that any document or portion of a document, or other matter, which it provides to the Postal Regulatory Commission in a nonpublic annex under this section or pursuant to subsection (d) contains information which is described in section 410(c) of this title, or exempt from public disclosure under section 552(b) of title 5, the Postal Service shall, at the time of providing such matter to the Commission, notify the Commission of its determination, in writing, and describe with particularity the documents (or portions of documents) or other matter for which confidentiality is sought and the reasons therefor.</p> <p style="padding-left: 40px;">"(2) Treatment.--Any information or other matter described in paragraph (1) to which the Commission gains access under this section shall be subject to paragraphs (2) and (3) of section 504(g) in the same way as if the Commission had received notification with respect to such matter under section 504(g)(1)."</p>	<p>"(e) The Postal Regulatory Commission shall have access to the audit documentation and any other supporting matter of the Postal Service and its independent auditor in connection with any information submitted under subsection (b)(1)(B).</p> <p>"(f) The Postal Regulatory Commission may, on its own motion or on request of an interested party, initiate proceedings (to be conducted in accordance with regulations that the Commission shall prescribe) to improve the quality, accuracy, or completeness of Postal Service data required by the Commission under this section whenever it shall appear that the data –</p> <p style="padding-left: 40px;">"(1) have become significantly inaccurate;</p> <p style="padding-left: 40px;">"(2) can be significantly improved; or</p> <p style="padding-left: 40px;">" (3) are not cost beneficial. "</p>	
<p>SEC. 205. COMPLAINTS; APPELLATE REVIEW AND ENFORCEMENT.</p> <p>Chapter 36 of title 39, United States Code, is amended by striking sections 3662 and 3663 and inserting the following:</p> <p>"Sec. 3662. Rate and service complaints</p> <p>"(a) In General.--Interested persons (including an officer of the</p>	<p>SEC. 205. COMPLAINTS; APPELLATE REVIEW AND ENFORCEMENT.</p> <p>Chapter 36 of title 39, United States Code, is amended by striking sections 3662 and 3663 and inserting the following:</p> <p>“§ 3662. Rate and service complaints</p> <p>"(a) In General.--Any interested party (including an officer of</p>	

H.R. 22 PCS (HOUSE VERSION)	H.R. 22 EAS (SENATE VERSION)	COMMENTS
<p>Postal Regulatory Commission representing the interests of the general public) who believe the Postal Service is not operating in conformance with the requirements of chapter 1, 4, or 6, or this chapter (or regulations promulgated under any of those chapters) may lodge a complaint with the Postal Regulatory Commission in such form and manner as the Commission may prescribe.</p> <p>"(b) Prompt Response Required.-- "(1) In general.--The Postal Regulatory Commission shall, within 90 days after receiving a complaint under subsection (a), either-- "(A) begin proceedings on such complaint; or</p> <p>"(B) issue an order dismissing the complaint (together with a statement of the reasons therefor).</p> <p>"(2) Treatment of complaints not timely acted on.--For purposes of section 3663, any complaint under subsection (a) on which the Commission fails to act in the time and manner required by paragraph (1) shall be treated in the same way as if it had been dismissed pursuant to an order issued by the Commission on the last day allowable for the issuance of such order under paragraph (1).</p> <p>"(c) Action Required If Complaint Found to Be Justified.--If the Postal Regulatory Commission finds the complaint to be justified, it shall order that the Postal Service take such action as the Commission considers appropriate in order to achieve compliance with the applicable requirements and to remedy the effects of any noncompliance (such as ordering unlawful rates to be adjusted to lawful levels, ordering the cancellation of market tests, ordering the Postal Service to discontinue providing loss-making products, or requiring the Postal Service to make up for revenue shortfalls in competitive products).</p> <p>"(d) Suspension Authority.--The Postal Regulatory Commission may suspend implementation of rates or classifications under section 3632(b)(3) for a limited period of time pending expedited proceedings under this section. In evaluating whether circumstances warrant suspension, the Commission shall consider factors such as (1) whether</p>	<p>the Postal Regulatory Commission representing the interests of the general public) who believes the Postal Service is not operating in conformance with the requirements of the provisions of chapter 1 (except section 101(c)), sections 401, 403, 404, 404a, 601, or this chapter (or regulations promulgated under any of those provisions) may lodge a complaint with the Postal Regulatory Commission in such form and manner as the Commission may prescribe.</p> <p>"(b) Prompt Response Required.-- "(1) In general.--The Postal Regulatory Commission shall, within 90 days after receiving a complaint under subsection (a)-- "(A) either-- "(i) upon a finding that such complaint raises substantial and material issues of fact or law, begin proceedings on such complaint; or "(ii) issue an order dismissing the complaint; and "(B) with respect to any action taken under subparagraph (A) (i) or (ii), issue a written statement setting forth the bases of its determination.</p> <p>"(2) Treatment of complaints not timely acted on.--For purposes of section 3663, any complaint under subsection (a) on which the Commission fails to act in the time and manner required by paragraph (1) shall be treated in the same way as if it had been dismissed under an order issued by the Commission on the last day allowable for the issuance of such order under paragraph (1).</p> <p>"(c) Action Required if Complaint Found To Be Justified.--If the Postal Regulatory Commission finds upon clear and convincing evidence the complaint to be justified, it shall order that the Postal Service take such action as is necessary to achieve compliance with the applicable requirements and to remedy the effects of any noncompliance.</p>	

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<p>there is a substantial likelihood that such rate or classification will violate the requirements of chapter 1, 4, or 6, or this chapter (or regulations promulgated under any of those chapters), (2) whether any persons would suffer substantial injury, loss, or damage absent a suspension, (3) whether the Postal Service or any other persons would suffer substantial injury, loss, or damage under a suspension, and (4) the public interest.</p> <p>"(e) Authority to Order Fines in Cases of Deliberate Noncompliance.--In addition, in cases of deliberate noncompliance by the Postal Service with the requirements of this title, the Postal Regulatory Commission may order, based on the nature, circumstances, extent, and seriousness of the noncompliance, a fine (in the amount specified by the Commission in its order) for each incidence of noncompliance. Fines resulting from the provision of competitive products shall be paid out of the Competitive Products Fund established in section 2011. All receipts from fines imposed under this subsection shall be deposited in the general fund of the Treasury of the United States.</p>	<p>"(d) Authority To Order Fines in Cases of Deliberate Noncompliance.--In addition, in cases of deliberate noncompliance by the Postal Service with the requirements of this title, the Postal Regulatory Commission may order, based on the nature, circumstances, extent, and seriousness of the noncompliance, a fine (in the amount specified by the Commission in its order) for each incidence of noncompliance. Fines resulting from the provision of competitive products shall be paid from the Competitive Products Fund established in section 2011. All receipts from fines imposed under this subsection shall be deposited in the general fund of the Treasury of the United States.</p>	
<p>"Sec. 3663. Appellate review</p> <p>"A person adversely affected or aggrieved by a final order or decision of the Postal Regulatory Commission may, within 30 days after such order or decision becomes final, institute proceedings for review thereof by filing a petition in the United States Court of Appeals for the District of Columbia. The court shall review the order or decision in accordance with section 706 of title 5, and chapter 158 and section 2112 of title 28, on the basis of the record before the Commission. For purposes of this section, the term 'person' includes the Postal Service.</p>	<p>"Sec. 3663. Appellate review</p> <p>"A person, including the Postal Service, adversely affected or aggrieved by a final order or decision of the Postal Regulatory Commission may, within 30 days after such order or decision becomes final, institute proceedings for review thereof by filing a petition in the United States Court of Appeals for the District of Columbia. The court shall review the order or decision in accordance with section 706 of title 5, and chapter 158 and section 2112 of title 28, on the basis of the record before the Commission.</p>	
<p>"Sec. 3664. Enforcement of orders</p> <p>"The several district courts have jurisdiction specifically to enforce, and to enjoin and restrain the Postal Service from violating, any order issued by the Postal Regulatory Commission."</p>	<p>"Sec. 3664. Enforcement of orders</p> <p>"The several district courts have jurisdiction specifically to enforce, and to enjoin and restrain the Postal Service from violating, any order issued by the Postal Regulatory Commission."</p>	
<p>SEC. 206. WORKSHARE DISCOUNTS.</p> <p>(a) In General.--Title 39, United States Code, is amended by adding after section 3686 (as added by section 406) the following:</p>	<p>[SEC. 201 (a) . PROVISIONS RELATING TO MARKET-DOMINANT PRODUCTS]</p>	

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<p>"Sec. 3687. Workshare discounts</p> <p>"(a) In General.--As part of the regulations established under section 3622(a), the Postal Regulatory Commission shall establish rules for workshare discounts that ensure that such discounts do not exceed the cost that the Postal Service avoids as the result of workshare activity, unless--</p> <p>"(1) the discount is--</p> <p style="padding-left: 20px;">"(A) associated with a new postal service, a change to an existing postal service, or a new workshare initiative related to an existing postal service; and</p> <p style="padding-left: 20px;">"(B) necessary to induce mailer behavior that furthers the economically efficient operation of the Postal Service and the portion of the discount in excess of the cost that the Postal Service avoids as a result of the workshare activity will be phased out over a limited period of time;</p> <p>"(2) a reduction in the discount would--</p> <p style="padding-left: 20px;">"(A) lead to a loss of volume in the affected category or subclass of mail and reduce the aggregate contribution to the institutional costs of the Postal Service from the category or subclass subject to the discount below what it otherwise would have been if the discount had not been reduced to costs avoided;</p> <p style="padding-left: 20px;">"(B) result in a further increase in the rates paid by mailers not able to take advantage of the discount; or</p> <p style="padding-left: 20px;">"(C) impede the efficient operation of the Postal Service;</p> <p>"(3) the amount of the discount above costs avoided—</p> <p style="padding-left: 20px;">"(A) is necessary to mitigate rate shock; and</p> <p style="padding-left: 20px;">"(B) will be phased out over time; or</p> <p>"(4) the discount is provided in connection with subclasses of mail consisting exclusively of mail matter of educational, cultural, scientific, or informational value.</p> <p>"(b) Report.--Whenever the Postal Service establishes or maintains a workshare discount, the Postal Service shall, at the time it</p>	<p>"(e) Workshare Discounts.—</p> <p>["(1) Definition. see opposite HR 22, 39 § 3687(b)]</p> <p>"(2) Regulations.--As part of the regulations established under subsection (a), the Postal Regulatory Commission shall establish rules for workshare discounts that ensure that such discounts do not exceed the cost that the Postal Service avoids as a result of workshare activity, unless--</p> <p>"(A) the discount is--</p> <p style="padding-left: 20px;">"(i) associated with a new postal service, a change to an existing postal service, or with a new workshare initiative related to an existing postal service; and</p> <p style="padding-left: 20px;">"(ii) necessary to induce mailer behavior that furthers the economically efficient operation of the Postal Service and the portion of the discount in excess of the cost that the Postal Service avoids as a result of the workshare activity will be phased out over a limited period of time;</p> <p>"(B) a reduction in the discount would--</p> <p style="padding-left: 20px;">"(i) lead to a loss of volume in the affected category or subclass of mail and reduce the aggregate contribution to the institutional costs of the Postal Service from the category or subclass subject to the discount below what it otherwise would have been if the discount had not been reduced to costs avoided;</p> <p style="padding-left: 20px;">"(ii) result in a further increase in the rates paid by mailers not able to take advantage of the discount; or</p> <p style="padding-left: 20px;">"(iii) impede the efficient operation of the Postal Service;</p> <p>"(C) the amount of the discount above costs avoided--</p> <p style="padding-left: 20px;">"(i) is necessary to mitigate rate shock; and</p> <p style="padding-left: 20px;">"(ii) will be phased out over time; or</p> <p>"(D) the discount is provided in connection with subclasses of mail consisting exclusively of mail matter of educational, cultural, scientific, or informational value.</p> <p>"(3) Report.--Whenever the Postal Service establishes or</p>	

<p align="center">H.R. 22 PCS (HOUSE VERSION)</p>	<p align="center">H.R. 22 EAS (SENATE VERSION)</p>	<p align="center">COMMENTS</p>
<p>publishes the workshare discount rate, submit to the Postal Regulatory Commission a detailed report that--</p> <p>"(1) explains the Postal Service's reasons for establishing or maintaining the rate;</p> <p>"(2) sets forth the data, economic analyses, and other information relied on by the Postal Service to justify the rate; and</p> <p>"(3) certifies that the discount will not adversely affect rates or services provided to users of postal services who do not take advantage of the discount rate.</p> <p>"(c) Definition.--For purposes of this section, the term 'workshare discount' refers to rate discounts provided to mailers for the presorting, prebarcoding, handling, or transportation of mail, as further defined by the Postal Regulatory Commission under section 3622(a).".</p> <p>(b) Clerical Amendment.--The analysis for chapter 36 of title 39, United States Code (as amended by section 207) is amended by adding after the item relating to section 3686 the following:</p> <p>"3687. Workshare discounts.".</p>	<p>maintains a workshare discount, the Postal Service shall, at the time it publishes the workshare discount rate, submit to the Postal Regulatory Commission a detailed report that--</p> <p>"(A) explains the Postal Service's reasons for establishing or maintaining the rate;</p> <p>"(B) sets forth the data, economic analyses, and other information relied on by the Postal Service to justify the rate; and</p> <p>"(C) certifies that the discount will not adversely affect rates or services provided to users of postal services who do not take advantage of the discount rate.</p> <p>["(e) Workshare Discounts.—</p> <p>"(1) Definition.--In this subsection, the term 'workshare discount' refers to rate discounts provided to mailers for the presorting, prebarcoding, handling, or transportation of mail, as further defined by the Postal Regulatory Commission under subsection (a).]</p>	
<p>SEC. 207. CLERICAL AMENDMENT.</p> <p>Chapter 36 of title 39, United States Code, is amended by striking the heading and analysis for such chapter and inserting the following:</p> <p align="center">"CHAPTER 36--POSTAL RATES, CLASSES AND SERVICES</p> <p>"subchapter i--provisions relating to market-dominant products</p> <p>"Sec.</p> <p>"3621. Applicability; definitions.</p> <p>"3622. Modern rate regulation.</p> <p>"3626. Reduced rates.</p> <p>"3627. Adjusting free rates.</p> <p>"[3628. Repealed.]</p> <p>"3629. Reduced rates for voter registration purposes</p>	<p>SEC. 206. CLERICAL AMENDMENT.</p> <p>Chapter 36 of title 39, United States Code, is amended by striking the heading and analysis for such chapter and inserting the following:</p> <p align="center">"CHAPTER 36--POSTAL RATES, CLASSES, AND SERVICES</p> <p>"SUBCHAPTER I--PROVISIONS RELATING TO MARKET-DOMINANT PRODUCTS</p> <p>"Sec.</p> <p>"3621. Applicability; definitions.</p> <p>"3622. Modern rate regulation.</p> <p>"[3623. Repealed.]</p> <p>"[3624. Repealed.]</p> <p>"[3625. Repealed.]</p> <p>"3626. Reduced Rates.</p> <p>"3627. Adjusting free rates.</p> <p>"[3628. Repealed.]</p>	

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<p>"SUBCHAPTER II--PROVISIONS RELATING TO COMPETITIVE PRODUCTS</p> <p>"3631. Applicability; definitions and updates. "3632. Action of the Governors. "3633. Provisions applicable to rates for competitive products.</p> <p>"SUBCHAPTER III--PROVISIONS RELATING TO EXPERIMENTAL AND NEW PRODUCTS</p> <p>"3641. Market tests of experimental products. "3642. New products and transfers of products between the market-dominant and competitive categories of</p> <p>"SUBCHAPTER IV--REPORTING REQUIREMENTS AND RELATED PROVISIONS</p> <p>"3651. Annual reports by the Commission. "3652. Annual reports to the Commission. "3653. Annual determination of compliance.</p> <p>"SUBCHAPTER V--POSTAL SERVICES, COMPLAINTS, AND JUDICIAL REVIEW</p> <p>"3661. Postal services. "3662. Rate and service complaints. "3663. Appellate review. "3664. Enforcement of orders</p> <p>"SUBCHAPTER VI--GENERAL</p> <p>"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."</p>	<p>"3629. Reduced rates for voter registration purposes.</p> <p>"SUBCHAPTER II--PROVISIONS RELATING TO COMPETITIVE PRODUCTS</p> <p>"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.</p> <p>"SUBCHAPTER III--PROVISIONS RELATING TO EXPERIMENTAL AND NEW PRODUCTS</p> <p>"3641. Market tests of experimental products. "3642. New products and transfers of products between the market-dominant and competitive categories of mail.</p> <p>"SUBCHAPTER IV--REPORTING REQUIREMENTS AND RELATED PROVISIONS</p> <p>"3651. Annual reports by the Commission. "3652. Annual reports to the Commission. "3653. Annual determination of compliance.</p> <p>"SUBCHAPTER V--POSTAL SERVICES, COMPLAINTS, AND JUDICIAL REVIEW</p> <p>"3661. Postal Services. "3662. Rate and service complaints. "3663. Appellate review. "3664. Enforcement of orders.</p> <p>"SUBCHAPTER VI--GENERAL</p> <p>"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.</p> <p>"SUBCHAPTER VII--MODERN SERVICE STANDARDS</p>	

H.R. 22 PCS (HOUSE VERSION)	H.R. 22 EAS (SENATE VERSION)	COMMENTS
	"3691. Establishment of modern service standards."	
[S. TITLE III--MODERN SERVICE STANDARDS]	TITLE III--MODERN SERVICE STANDARDS	
	<p>SEC. 301. ESTABLISHMENT OF MODERN SERVICE STANDARDS.</p> <p>Chapter 36 of title 39, United States Code, as amended by this Act, is further amended by adding at the end the following:</p> <p style="text-align: center;">"SUBCHAPTER VII--MODERN SERVICE STANDARDS</p> <p>"Sec. 3691. Establishment of modern service standards</p> <p>"(a) Authority Generally.--Not later than 12 months after the date of enactment of this section, the Postal Service shall, in consultation with the Postal Regulatory Commission, by regulation establish (and may from time to time thereafter by regulation revise) a set of service standards for market-dominant products consistent with the Postal Service's universal service obligation as defined in sections 101 (a) and (b) and 403.</p> <p>"(b) Objectives.--Such standards shall be designed to achieve the following objectives:</p> <p style="padding-left: 40px;">"(1) To enhance the value of postal services to both senders and recipients.</p> <p style="padding-left: 40px;">"(2) To preserve regular and effective access to postal services in all communities, including those in rural areas or where post offices are not self-sustaining.</p> <p style="padding-left: 40px;">"(3) To reasonably assure Postal Service customers delivery reliability, speed and frequency consistent with reasonable rates and best business practices.</p> <p style="padding-left: 40px;">"(4) To provide a system of objective external performance measurements for each market-dominant product as a basis for measurement of Postal Service performance.</p> <p>"(c) Factors.--In establishing or revising such standards, the Postal Service shall take into account--</p> <p style="padding-left: 40px;">"(1) the actual level of service that Postal Service customers receive under any service guidelines previously established by the Postal Service or service standards established under this section;</p> <p style="padding-left: 40px;">"(2) the degree of customer satisfaction with Postal</p>	

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	<p>Service performance in the acceptance, processing and delivery of mail;</p> <p>"(3) the needs of Postal Service customers, including those with physical impairments;</p> <p>"(4) mail volume and revenues projected for future years;</p> <p>"(5) the projected growth in the number of addresses the Postal Service will be required to serve in future years;</p> <p>"(6) the current and projected future cost of serving Postal Service customers;</p> <p>"(7) the effect of changes in technology, demographics, and population distribution on the efficient and reliable operation of the postal delivery system; and</p> <p>"(8) the policies of this title and such other factors as the Postal Service determines appropriate.</p> <p>"(d) Review.--The regulations promulgated pursuant to this section (and any revisions thereto) shall be subject to review upon complaint under sections 3662 and 3663.</p>	
	<p>SEC. 302. POSTAL SERVICE PLAN.</p> <p>(a) In General.--Within 6 months after the establishment of the service standards under section 3691 of title 39, United States Code, as added by this Act, the Postal Service shall, in consultation with the Postal Regulatory Commission, develop and submit to Congress a plan for meeting those standards.</p> <p>(b) Contents.--The plan under this section shall--</p> <ol style="list-style-type: none"> (1) establish performance goals; (2) describe any changes to the Postal Service's processing, transportation, delivery, and retail networks necessary to allow the Postal Service to meet the performance goals; (3) describe any changes to planning and performance management documents previously submitted to Congress to reflect new performance goals; and (4) contain the matters relating to postal facilities provided under subsection (c). <p>[c) Postal Facilities. See HR 22 PCS §709]</p> <p>(d) Alternate Retail Options.--The Postal Service plan shall include plans to expand and market retail access to postal services, in addition to post offices, including--</p>	

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	<p>(1) vending machines; (2) the Internet; (3) postage meters; (4) Stamps by Mail; (5) Postal Service employees on delivery routes; (6) retail facilities in which overhead costs are shared with private businesses and other government agencies; or (7) any other nonpost office access channel providing market retail access to postal services.</p> <p>(e) Reemployment Assistance and Retirement Benefits.--The Postal Service plan shall include-- (1) a plan under which reemployment assistance shall be afforded to employees displaced as a result of the automation of any of its functions or the closing and consolidation of any of its facilities; and (2) a plan, developed in consultation with the Office of Personnel Management, to offer early retirement benefits.</p> <p>(f) Inspector General Report.-- (1) In general.--Before submitting the plan under subsection (a) and each annual report under subsection (c) to Congress, the Postal Service shall submit the plan and each annual report to the Inspector General of the United States Postal Service in a timely manner to carry out this subsection. (2) Report.--The Inspector General shall prepare a report describing the extent to which the Postal Service plan and each annual report under subsection (c)-- (A) are consistent with the continuing obligations of the Postal Service under title 39, United States Code; (B) provide for the Postal Service to meet the service standards established under section 3691 of title 39, United States Code; and (C) allow progress toward improving overall efficiency and effectiveness consistent with the need to maintain universal postal service at affordable rates.</p> <p>(g) Continued Authority.--Nothing in this section shall be construed to prohibit the Postal Service from implementing any change to its processing, transportation, delivery, and retail networks under any authority granted to the Postal Service for those purposes.</p>	

H.R. 22 PCS (HOUSE VERSION)	H.R. 22 EAS (SENATE VERSION)	COMMENTS
TITLE III--PROVISIONS RELATING TO FAIR COMPETITION	TITLE IV--PROVISIONS RELATING TO FAIR COMPETITION	
<p>SEC. 301. POSTAL SERVICE COMPETITIVE PRODUCTS FUND.</p> <p>(a) Provisions Relating to Postal Service Competitive Products Fund and Related Matters.--</p> <p>(1) In general.--Chapter 20 of title 39, United States Code, is amended by adding at the end the following:</p> <p>"Sec. 2011. Provisions relating to competitive products</p> <p>"(a) There is established in the Treasury of the United States a revolving fund, to be called the Postal Service Competitive Products Fund, which shall be available to the Postal Service without fiscal year limitation for the payment of--</p> <p>"(1) costs attributable to competitive products; and</p> <p>"(2) all other costs incurred by the Postal Service, to the extent allocable to competitive products.</p> <p>For purposes of this subsection, the term 'costs attributable' has the meaning given such term by section 3631.</p> <p>"(b) There shall be deposited in the Competitive Products Fund, subject to withdrawal by the Postal Service--</p> <p>"(1) revenues from competitive products;</p> <p>"(2) amounts received from obligations issued by the Postal Service under subsection (e);</p> <p>"(3) interest and dividends earned on investments of the Competitive Products Fund; and</p> <p>"(4) any other receipts of the Postal Service (including from the sale of assets), to the extent allocable to competitive products.</p> <p>"(c) If the Postal Service determines that the moneys of the Competitive Products Fund are in excess of current needs, it may request the investment of such amounts as it deems advisable by the Secretary of the Treasury in obligations of, or obligations guaranteed by, the Government of the United States, and, with the approval of the Secretary, in such other obligations or securities as it deems appropriate.</p> <p>"(d) With the approval of the Secretary of the Treasury, the Postal Service may deposit moneys of the Competitive Products Fund in any Federal Reserve bank, any depository for public funds, or in such</p>	<p>SEC. 401. POSTAL SERVICE COMPETITIVE PRODUCTS FUND.</p> <p>(a) Provisions Relating to Postal Service Competitive Products Fund and Related Matters.--</p> <p>(1) In general.--Chapter 20 of title 39, United States Code, is amended by adding at the end the following:</p> <p>"Sec. 2011. Provisions relating to competitive products</p> <p>"(a)(1) In this subsection, the term 'costs attributable' has the meaning given such term by section 3631.</p> <p>"(2) There is established in the Treasury of the United States a revolving fund, to be called the Postal Service Competitive Products Fund, which shall be available to the Postal Service without fiscal year limitation for the payment of--</p> <p>"(A) costs attributable to competitive products; and</p> <p>"(B) all other costs incurred by the Postal Service, to the extent allocable to competitive products.</p> <p>"(b) There shall be deposited in the Competitive Products Fund, subject to withdrawal by the Postal Service--</p> <p>"(1) revenues from competitive products;</p> <p>"(2) amounts received from obligations issued by Postal Service under subsection (e);</p> <p>"(3) interest and dividends earned on investments of the Competitive Products Fund; and</p> <p>"(4) any other receipts of the Postal Service (including from the sale of assets), to the extent allocable to competitive products.</p> <p>"(c) If the Postal Service determines that the moneys of the Competitive Products Fund are in excess of current needs, the Postal Service may request the investment of such amounts as the Postal Service determines advisable by the Secretary of the Treasury in obligations of, or obligations guaranteed by, the Government of the United States, and, with the approval of the Secretary, in such other obligations or securities as the Postal Service determines appropriate.</p> <p>"(d) With the approval of the Secretary of the Treasury, the Postal Service may deposit moneys of the Competitive Products Fund in any Federal Reserve bank, any depository for public funds, or in such</p>	

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<p>other places and in such manner as the Postal Service and the Secretary may mutually agree.</p> <p>"(e)(1) Subject to the limitations specified in section 2005(a), the Postal Service is authorized to borrow money and to issue and sell such obligations as it determines necessary to provide for competitive products and deposit such amounts in the Competitive Products Fund. Any such borrowings by the Postal Service shall be supported and serviced by the revenues and receipts from competitive products and the assets related to the provision of competitive products (as determined under subsection (h) or, for purposes of any period before accounting practices and principles under subsection (h) have been established and applied, the best information available from the Postal Service, including the audited statements required by section 2008(e), but in either case subject to paragraph (5)).</p> <p>"(2) The Postal Service may enter into binding covenants with the holders of such obligations, and with the trustee, if any, under any agreement entered into in connection with the issuance thereof with respect to--</p> <p>"(A) the establishment of reserve, sinking, and other funds;</p> <p>"(B) application and use of revenues and receipts of the Competitive Products Fund;</p> <p>"(C) stipulations concerning the subsequent issuance of obligations or the execution of leases or lease purchases relating to properties of the Postal Service; and</p> <p>"(D) such other matters as the Postal Service considers necessary or desirable to enhance the marketability of such obligations.</p> <p>"(3) The obligations issued by the Postal Service under this section--</p> <p>"(A) shall be in such forms and denominations;</p> <p>"(B) shall be sold at such times and in such amounts;</p> <p>"(C) shall mature at such time or times;</p> <p>"(D) shall be sold at such prices;</p> <p>"(E) shall bear such rates of interest;</p> <p>"(F) may be redeemable before maturity in such manner, at such times, and at such redemption premiums;</p> <p>"(G) may be entitled to such relative priorities of claim on the assets of the Postal Service with respect to principal and interest payments; and</p>	<p>other places and in such manner as the Postal Service and the Secretary may mutually agree.</p> <p>"(e)(1)(A) Subject to the limitations specified in section 2005(a), the Postal Service is authorized to borrow money and to issue and sell such obligations as the Postal Service determines necessary to provide for competitive products and deposit such amounts in the Competitive Products Fund.</p> <p>"(B) Subject to paragraph (5), any borrowings by the Postal Service under subparagraph (A) shall be supported and serviced by--</p> <p>"(i) the revenues and receipts from competitive products and the assets related to the provision of competitive products (as determined under subsection (h)); or</p> <p>"(ii) for purposes of any period before accounting practices and principles under subsection (h) have been established and applied, the best information available from the Postal Service, including the audited statements required by section 2008(e).</p> <p>"(2) The Postal Service may enter into binding covenants with the holders of such obligations, and with any trustee under any agreement entered into in connection with the issuance of such obligations with respect to--</p> <p>"(A) the establishment of reserve, sinking, and other funds;</p> <p>"(B) application and use of revenues and receipts of the Competitive Products Fund;</p> <p>"(C) stipulations concerning the subsequent issuance of obligations or the execution of leases or lease purchases relating to properties of the Postal Service; and</p> <p>"(D) such other matters as the Postal Service, considers necessary or desirable to enhance the marketability of such obligations.</p> <p>"(3) Obligations issued by the Postal Service under this subsection--</p> <p>"(A) shall be in such forms and denominations;</p> <p>"(B) shall be sold at such times and in such amounts;</p> <p>"(C) shall mature at such time or times;</p> <p>"(D) shall be sold at such prices;</p> <p>"(E) shall bear such rates of interest;</p> <p>"(F) may be redeemable before maturity in such manner, at such times, and at such redemption premiums;</p> <p>"(G) may be entitled to such relative priorities of claim on the assets of the Postal Service with respect to principal and interest payments; and</p>	

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<p>"(H) shall be subject to such other terms and conditions; as the Postal Service determines.</p> <p>"(4) Obligations issued by the Postal Service under this subsection--</p> <p>"(A) shall be negotiable or nonnegotiable and bearer or registered instruments, as specified therein and in any indenture or covenant relating thereto;</p> <p>"(B) shall contain a recital that they are issued under this section, and such recital shall be conclusive evidence of the regularity of the issuance and sale of such obligations and of their validity;</p> <p>"(C) shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of any officer or agency of the Government of the United States, and the Secretary of the Treasury or any other officer or agency having authority over or control of any such fiduciary, trust, or public funds, may at any time sell any of the obligations of the Postal Service acquired under this section;</p> <p>"(D) shall not be exempt either as to principal or interest from any taxation now or hereafter imposed by any State or local taxing authority; and</p> <p>"(E) except as provided in section 2006(c) of this title, shall not be obligations of, nor shall payment of the principal thereof or interest thereon be guaranteed by, the Government of the United States, and the obligations shall so plainly state.</p> <p>"(5) The Postal Service shall make payments of principal, or interest, or both on obligations issued under this section out of revenues and receipts from competitive products and assets related to the provision of competitive products (as determined under subsection (h) or, for purposes of any period before accounting practices and principles under subsection (h) have been established and applied, the best information available, including the audited statements required by section 2008(e)). For purposes of this subsection, the total assets of the Competitive Products Fund shall be the greater of--</p> <p>"(A) the assets related to the provision of competitive products; or</p> <p>"(B) the percentage of total Postal Service revenues and receipts from competitive products times the total assets of the Postal Service.</p>	<p>"(H) shall be subject to such other terms and conditions, as the Postal Service determines.</p> <p>"(4) Obligations issued by the Postal Service under this subsection--</p> <p>"(A) shall be negotiable or nonnegotiable and bearer or registered instruments, as specified therein and in any indenture or covenant relating thereto;</p> <p>"(B) shall contain a recital that such obligations are issued under this subsection, and such recital shall be conclusive evidence of the regularity of the issuance and sale of such obligations and of their validity;</p> <p>"(C) shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of any officer or agency of the Government of the United States, and the Secretary of the Treasury or any other officer or agency having authority over or control of any such fiduciary, trust, or public funds, may at any time sell any of the obligations of the Postal Service acquired under this section;</p> <p>"(D) shall not be exempt either as to principal or interest from any taxation now or hereafter imposed by any State or local taxing authority; and</p> <p>"(E) except as provided in section 2006(c), shall not be obligations of, nor shall payment of the principal thereof or interest thereon be guaranteed by, the Government of the United States, and the obligations shall so plainly state.</p> <p>"(5)(A) Subject to subparagraph (B), the Postal Service shall make payments of principal, or interest, or both on obligations issued under this subsection from--</p> <p>"(i) revenues and receipts from competitive products and assets related to the provision of competitive products (as determined under subsection (h)); or</p> <p>"(ii) for purposes of any period before accounting practices and principles under subsection (h) have been established and applied, the best information available, including the audited statements required by section 2008(e).</p> <p>"(B) Based on the audited financial statements for the most recently completed fiscal year, the total assets of the Competitive Products Fund may not be less than the amount determined by multiplying--</p> <p>"(i) the quotient resulting from the total revenue of the Competitive Products Fund divided by the total revenue of the Postal Service; and</p>	

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<p>"(f) The receipts and disbursements of the Competitive Products Fund shall be accorded the same budgetary treatment as is accorded to receipts and disbursements of the Postal Service Fund under section 2009a.</p> <p>"(g) A judgment against the Postal Service or the Government of the United States (or settlement of a claim) shall, to the extent that it arises out of activities of the Postal Service in the provision of competitive products, be paid out of the Competitive Products Fund.</p>	<p>"(ii) the total assets of the Postal Service.</p> <p>"(f) The receipts and disbursements of the Competitive Products Fund shall be accorded the same budgetary treatment as is accorded to receipts and disbursements of the Postal Service Fund under section 2009a.</p> <p>"(g) A judgment (or settlement of a claim) against the Postal Service or the Government of the United States shall be paid out of the Competitive Products Fund to the extent that the judgment or claim arises out of activities of the Postal Service in the provision of competitive products.</p>	
<p>"(h)(1) The Secretary of the Treasury, in consultation with the Postal Service and an independent, certified public accounting firm and such other advisors as the Secretary considers appropriate, shall develop recommendations regarding--</p> <p>"(A) the accounting practices and principles that should be followed by the Postal Service with the objectives of (i) identifying and valuing the assets and liabilities of the Postal Service associated with providing, and the capital and operating costs incurred by the Postal Service in providing, competitive products, and (ii) subject to subsection (e)(5), preventing the subsidization of such products by market-dominant products; and</p> <p>"(B) the substantive and procedural rules that should be followed in determining the Postal Service's assumed Federal income tax on competitive products income for any year (within the meaning of section 3634).</p> <p>Such recommendations shall be submitted to the Postal Regulatory Commission no earlier than 6 months, and no later than 12 months, after the effective date of this section.</p> <p>"(2)(A) Upon receiving the recommendations of the Secretary of the Treasury under paragraph (1), the Commission shall give interested parties, including the Postal Service, users of the mails, and an officer of the Commission who shall be required to represent the interests of the general public, an opportunity to present their views on those recommendations through submission of written data, views, or arguments, with or without opportunity for oral presentation, or in such other manner as the Commission considers appropriate.</p> <p>"(B) After due consideration of the views and other information</p>	<p>"(h)(1)(A) The Secretary of the Treasury, in consultation with the Postal Service and an independent, certified public accounting firm and other advisors as the Secretary considers appropriate, shall develop recommendations regarding--</p> <p>"(i) the accounting practices and principles that should be followed by the Postal Service with the objectives of--</p> <p>"(I) identifying and valuing the assets and liabilities of the Postal Service associated with providing competitive products, including the capital and operating costs incurred by the Postal Service in providing such competitive products; and</p> <p>"(II) subject to subsection (e)(5), preventing the subsidization of such products by market-dominant products; and</p> <p>"(ii) the substantive and procedural rules that should be followed in determining the assumed Federal income tax on competitive products income of the Postal Service for any year (within the meaning of section 3634).</p> <p>"(B) Not earlier than 6 months after the date of enactment of this section, and not later than 12 months after such date, the Secretary of the Treasury shall submit the recommendations under subparagraph (A) to the Postal Regulatory Commission.</p> <p>"(2)(A) Upon receiving the recommendations of the Secretary of the Treasury under paragraph (1), the Commission shall give interested parties, including the Postal Service, users of the mails, and an officer of the Commission who shall be required to represent the interests of the general public, an opportunity to present their views on those recommendations through submission of written data, views, or arguments with or without opportunity for oral presentation, or in such other manner as the Commission considers appropriate.</p> <p>"(B)(i) After due consideration of the views and other information</p>	

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<p>received under subparagraph (A), the Commission shall by rule--</p> <p>"(i) provide for the establishment and application of the accounting practices and principles which shall be followed by the Postal Service;</p> <p>"(ii) provide for the establishment and application of the substantive and procedural rules described in paragraph (1)(B); and</p> <p>"(iii) provide for the submission by the Postal Service to the Postal Regulatory Commission of annual and other periodic reports setting forth such information as the Commission may require.</p> <p>Final rules under this subparagraph shall be issued not later than 12 months after the date on which the Secretary of the Treasury makes his submission to the Commission under paragraph (1) (or by such later date as the Commission and the Postal Service may agree to). The Commission is authorized to promulgate regulations revising such rules.</p> <p>"(C) Reports described in subparagraph (B)(iii) shall be submitted at such time and in such form, and shall include such information, as the Commission by rule requires. The Commission may, on its own motion or on request of an interested party, initiate proceedings (to be conducted in accordance with such rules as the Commission shall prescribe) to improve the quality, accuracy, or completeness of Postal Service data under such subparagraph whenever it shall appear that--</p> <p>"(i) the quality of the information furnished in those reports has become significantly inaccurate or can be significantly improved; or</p> <p>"(ii) those revisions are, in the judgment of the Commission, otherwise necessitated by the public interest.</p> <p>"(D) A copy of each report described in subparagraph (B)(iii) shall also be transmitted by the Postal Service to the Secretary of the Treasury and the Inspector General of the United States Postal Service.</p> <p>"(i) The Postal Service shall render an annual report to the Secretary of the Treasury concerning the operation of the Competitive Products Fund, in which it shall address such matters as risk limitations, reserve balances, allocation or distribution of moneys, liquidity requirements, and measures to safeguard against losses. A copy of its then most recent report under this subsection shall be included with any other submission that it is required to make to the Postal Regulatory Commission under section 3652(g)."</p> <p>(2) Clerical amendment.--The analysis for chapter 20 of title 39, United States Code, is amended by adding after the item relating to section 2010 the following:</p>	<p>received under subparagraph (A), the Commission shall by rule--</p> <p>"(I) provide for the establishment and application of the accounting practices and principles which shall be followed by the Postal Service;</p> <p>"(II) provide for the establishment and application of the substantive and procedural rules described under paragraph (1)(A)(ii); and</p> <p>"(III) provide for the submission by the Postal Service to the Postal Regulatory Commission of annual and other periodic reports setting forth such information as the Commission may require.</p> <p>"(ii) Final rules under this subparagraph shall be issued not later than 12 months after the date on which recommendations are submitted under paragraph (1) (or by such later date on which the Commission and the Postal Service may agree). The Commission may revise such rules.</p> <p>"(C)(i) Reports described under subparagraph (B)(i)(III) shall be submitted at such time and in such form, and shall include such information, as the Commission by rule requires.</p> <p>"(ii) The Commission may, on its own motion or on request of an interested party, initiate proceedings (to be conducted in accordance with such rules as the Commission shall prescribe) to improve the quality, accuracy, or completeness of Postal Service information under subparagraph (B)(i)(III) whenever it shall appear that--</p> <p>"(I) the quality of the information furnished in those reports has become significantly inaccurate or can be significantly improved; or</p> <p>"(II) such revisions are, in the judgment of the Commission, otherwise necessitated by the public interest.</p> <p>"(D) A copy of each report described under subparagraph (B)(i)(III) shall be submitted by the Postal Service to the Secretary of the Treasury and the Inspector General of the United States Postal Service.</p> <p>"(i)(1) The Postal Service shall submit an annual report to the Secretary of the Treasury concerning the operation of the Competitive Products Fund. The report shall address such matters as risk limitations, reserve balances, allocation or distribution of moneys, liquidity requirements, and measures to safeguard against losses.</p> <p>"(2) A copy of the most recent report submitted under paragraph (1) shall be included in the annual report submitted by the Postal Regulatory Commission under section 3652(g)."</p> <p>(2) Clerical amendment.--The table of sections for chapter 20 of title 39, United States Code, is amended by adding after the item relating to section 2010 the following:</p>	

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<p>"2011. Provisions relating to competitive products."</p>	<p>"2011. Provisions relating to competitive products."</p>	
<p>(b) Technical and Conforming Amendments.--</p> <p>(1) Definition.--Section 2001 of title 39, United States Code, is amended by striking "and" at the end of paragraph (1), by redesignating paragraph (2) as paragraph (3), and by inserting after paragraph (1) the following:</p> <p>"(2) 'Competitive Products Fund' means the Postal Service Competitive Products Fund established by section 2011; and".</p> <p>(2) Capital of the Postal Service.--Section 2002(b) of title 39, United States Code, is amended by striking "Fund," and inserting "Fund and the balance in the Competitive Products Fund,".</p> <p>(3) Postal service fund.--</p> <p>(A) Purposes for which available.--Section 2003(a) of title 39, United States Code, is amended by striking "title." and inserting "title (other than any of the purposes, functions, or powers for which the Competitive Products Fund is available).".</p> <p>(B) Deposits.--Section 2003(b) of title 39, United States Code, is amended by striking "There" and inserting "Except as otherwise provided in section 2011, there".</p> <p>(4) Relationship between the treasury and the postal service.--Section 2006 of title 39, United States Code, is amended--</p> <p>(A) in subsection (a), by inserting "or section 2011" before "of this title,";</p> <p>(B) in subsection (b), by inserting "under section 2005" before "in such amounts" in the first sentence and before "in excess of such amount." in the second sentence; and</p> <p>(C) in subsection (c), by inserting "or section 2011(e)(4)(E)" before "of this title,".</p>	<p>(b) Technical and Conforming Amendments.--</p> <p>(1) Definition.--Section 2001 of title 39, United States Code, is amended by striking "and" at the end of paragraph (1), by redesignating paragraph (2) as paragraph (3), and by inserting after paragraph (1) the following:</p> <p>"(2) Competitive products fund.--The term 'Competitive Products Fund' means the Postal Service Competitive Products Fund established by section 2011; and".</p> <p>(2) Capital of the postal service.--Section 2002(b) of title 39, United States Code, is amended by striking "Fund," and inserting "Fund and the balance in the Competitive Products Fund,".</p> <p>(3) Postal service fund.--</p> <p>(A) Purposes for which available.--Section 2003(a) of title 39, United States Code, is amended by striking "title." and inserting "title (other than any of the purposes, functions, or powers for which the Competitive Products Fund is available).".</p> <p>(B) Deposits.--Section 2003(b) of title 39, United States Code, is amended by striking "There" and inserting "Except as otherwise provided in section 2011, there".</p> <p>(4) Relationship between the treasury and the postal service.--Section 2006 of title 39, United States Code, is amended--</p> <p>(A) in subsection (a), in the first sentence, by inserting "or 2011" after "section 2005";</p> <p>(B) in subsection (b)--</p> <p>(i) in the first sentence, by inserting "under section 2005" before "in such amounts"; and</p> <p>(ii) in the second sentence, by inserting "under section 2005" before "in excess of such amount."; and</p> <p>(C) in subsection (c), by inserting "or 2011(e)(4)(E)" after "section 2005(d)(5)".</p>	
<p>SEC. 302. ASSUMED FEDERAL INCOME TAX ON COMPETITIVE PRODUCTS INCOME.</p> <p>Subchapter II of chapter 36 of title 39, United States Code, as</p>	<p>SEC. 402. ASSUMED FEDERAL INCOME TAX ON COMPETITIVE PRODUCTS INCOME.</p> <p>Subchapter II of chapter 36 of title 39, United States Code, as</p>	

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<p>amended by section 202, is amended by adding at the end the following:</p> <p>"Sec. 3634. Assumed Federal income tax on competitive products income</p> <p>"(a) Definitions.--For purposes of this section--</p> <p>"(1) the term 'assumed Federal income tax on competitive products income' means the net income tax that would be imposed by chapter 1 of the Internal Revenue Code of 1986 on the Postal Service's assumed taxable income from competitive products for the year; and</p> <p>"(2) the term 'assumed taxable income from competitive products', with respect to a year, refers to the amount representing what would be the taxable income of a corporation under the Internal Revenue Code of 1986 for the year, if--</p> <p>"(A) the only activities of such corporation were the activities of the Postal Service allocable under section 2011(h) to competitive products; and</p> <p>"(B) the only assets held by such corporation were the assets of the Postal Service allocable under section 2011(h) to such activities.</p> <p>"(b) Computation and Transfer Requirements.--The Postal Service shall, for each year beginning with the year in which occurs the deadline for the Postal Service's first report to the Postal Regulatory Commission under section 3652(a)--</p> <p>"(1) compute its assumed Federal income tax on competitive products income for such year; and</p> <p>"(2) transfer from the Competitive Products Fund to the Postal Service Fund the amount of that assumed tax.</p> <p>"(c) Deadline for Transfers.--Any transfer required to be made under this section for a year shall be due on or before the January 15th next occurring after the close of such year."</p>	<p>amended by section 202, is amended by adding at the end the following:</p> <p>"Sec. 3634. Assumed Federal income tax on competitive products income</p> <p>"(a) Definitions.--For purposes of this section--</p> <p>"(1) the term 'assumed Federal income tax on competitive products income' means the net income tax that would be imposed by chapter 1 of the Internal Revenue Code of 1986 on the Postal Service's assumed taxable income from competitive products for the year; and</p> <p>"(2) the term 'assumed taxable income from competitive products', with respect to a year, refers to the amount representing what would be the taxable income of a corporation under the Internal Revenue Code of 1986 for the year, if--</p> <p>"(A) the only activities of such corporation were the activities of the Postal Service allocable under section 2011(h) to competitive products; and</p> <p>"(B) the only assets held by such corporation were the assets of the Postal Service allocable under section 2011(h) to such activities.</p> <p>"(b) Computation and Transfer Requirements.--The Postal Service shall, for each year beginning with the year in which occurs the deadline for the Postal Service's first report to the Postal Regulatory Commission under section 3652(a)--</p> <p>"(1) compute its assumed Federal income tax on competitive products income for such year; and</p> <p>"(2) transfer from the Competitive Products Fund to the Postal Service Fund the amount of that assumed tax.</p> <p>"(c) Deadline for Transfers.--Any transfer required to be made under this section for a year shall be due on or before the January 15th next occurring after the close of such year."</p>	
<p>SEC. 303. UNFAIR COMPETITION PROHIBITED.</p> <p>(a) Specific Limitations.--Chapter 4 of title 39, United States Code, is amended by adding after section 404 the following:</p> <p>"Sec. 404a. Specific Limitations</p> <p>"(a) Except as specifically authorized by law, the Postal Service may not--</p> <p>"(1) establish any rule or regulation (including any</p>	<p>SEC. 403. UNFAIR COMPETITION PROHIBITED.</p> <p>(a) Specific Limitations.--Chapter 4 of title 39, United States Code, is amended by adding after section 404 the following:</p> <p>"Sec. 404a. Specific limitations</p> <p>"(a) Except as specifically authorized by law, the Postal Service may not--</p> <p>"(1) establish any rule or regulation (including any</p>	

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<p>standard) the effect of which is to preclude competition or establish the terms of competition unless the Postal Service demonstrates that the regulation does not create an unfair competitive advantage for itself or any entity funded (in whole or in part) by the Postal Service;</p> <p>"(2) compel the disclosure, transfer, or licensing of intellectual property to any third party (such as patents, copyrights, trademarks, trade secrets, and proprietary information); or</p> <p>"(3) obtain information from a person that provides (or seeks to provide) any product, and then offer any product or service that uses or is based in whole or in part on such information, without the consent of the person providing that information, unless substantially the same information is obtained (or obtainable) from an independent source or is otherwise obtained (or obtainable).</p> <p>"(b) The Postal Regulatory Commission shall prescribe regulations to carry out this section.</p> <p>"(c) Any party (including an officer of the Commission representing the interests of the general public) who believes that the Postal Service has violated this section may bring a complaint in accordance with section 3662."</p> <p>(b) Conforming Amendments.--</p> <p>(1) General powers.--Section 401 of title 39, United States Code, is amended by striking "The" and inserting "Subject to the provisions of section 404a, the".</p> <p>(2) Specific powers.--Section 404(a) of title 39, United States Code, is amended by striking "Without" and inserting "Subject to the provisions of section 404a, but otherwise without".</p> <p>(c) Clerical Amendment.--The analysis for chapter 4 of title 39, United States Code, is amended by inserting after the item relating to section 404 the following:</p> <p>"404a. Specific limitations."</p>	<p>standard) the effect of which is to preclude competition or establish the terms of competition unless the Postal Service demonstrates that the regulation does not create an unfair competitive advantage for itself or any entity funded (in whole or in part) by the Postal Service;</p> <p>"(2) compel the disclosure, transfer, or licensing of intellectual property to any third party (such as patents, copyrights, trademarks, trade secrets, and proprietary information); or</p> <p>"(3) obtain information from a person that provides (or seeks to provide) any product, and then offer any postal service that uses or is based in whole or in part on such information, without the consent of the person providing that information, unless substantially the same information is obtained (or obtainable) from an independent source or is otherwise obtained (or obtainable).</p> <p>"(b) The Postal Regulatory Commission shall prescribe regulations to carry out this section.</p> <p>"(c) Any party (including an officer of the Commission representing the interests of the general public) who believes that the Postal Service has violated this section may bring a complaint in accordance with section 3662."</p> <p>(b) Conforming Amendments.--</p> <p>(1) General powers.--Section 401 of title 39, United States Code, is amended by striking "The" and inserting "Subject to the provisions of section 404a, the".</p> <p>(2) Specific powers.--Section 404(a) of title 39, United States Code, is amended by striking "Without" and inserting "Subject to the provisions of section 404a, but otherwise without".</p> <p>(c) Clerical Amendment.--The analysis for chapter 4 of title 39, United States Code, is amended by inserting after the item relating to section 404 the following:</p> <p>"404a. Specific limitations."</p>	
<p>SEC. 304. SUITS BY AND AGAINST THE POSTAL SERVICE.</p> <p>(a) In General.--Section 409 of title 39, United States Code, is amended by striking subsections (d) and (e) and inserting the following:</p>	<p>SEC. 404. SUITS BY AND AGAINST THE POSTAL SERVICE.</p> <p>(a) In General.--Section 409 of title 39, United States Code, is amended by striking subsections (d) and (e) and inserting the following:</p>	

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<p>"(d)(1) For purposes of the provisions of law cited in paragraphs (2)(A) and (2)(B), respectively, the Postal Service--</p> <p>"(A) shall be considered to be a 'person', as used in the provisions of law involved; and</p> <p>"(B) shall not be immune under any other doctrine of sovereign immunity from suit in Federal court by any person for any violation of any of those provisions of law by any officer or employee of the Postal Service.</p> <p>"(2) This subsection applies with respect to--</p> <p>"(A) the Act of July 5, 1946 (commonly referred to as the 'Trademark Act of 1946' (15 U.S.C. 1051 and following)); and</p> <p>"(B) the provisions of section 5 of the Federal Trade Commission Act to the extent that such section 5 applies to unfair or deceptive acts or practices.</p> <p>"(e)(1) To the extent that the Postal Service, or other Federal agency acting on behalf of or in concert with the Postal Service, engages in conduct with respect to any competitive product, the Postal Service or other Federal agency (as the case may be)—</p> <p>"(A) shall not be immune under any doctrine of sovereign immunity from suit in Federal court by any person for any violation of Federal law by such agency or any officer or employee thereof; and</p> <p>"(B) shall be considered to be a person (as defined in subsection (a) of the first section of the Clayton Act) for purposes of--</p> <p>"(i) the antitrust laws (as defined in such subsection); and</p> <p>"(ii) section 5 of the Federal Trade Commission Act to the extent that such section 5 applies to unfair methods of competition.</p> <p>"(2) No damages, interest on damages, costs or attorney's fees may be recovered, and no criminal liability may be imposed, under the antitrust laws (as so defined) from any officer or employee of the Postal Service, or other Federal agency acting on behalf of or in concert with the Postal Service, acting in an official capacity.</p> <p>"(3) This subsection shall not apply with respect to conduct occurring before the date of the enactment of this subsection.</p>	<p>"(d)(1) For purposes of the provisions of law cited in paragraphs (2)(A) and (2)(B), respectively, the Postal Service--</p> <p>"(A) shall be considered to be a 'person', as used in the provisions of law involved; and</p> <p>"(B) shall not be immune under any other doctrine of sovereign immunity from suit in Federal court by any person for any violation of any of those provisions of law by any officer or employee of the Postal Service.</p> <p>"(2) This subsection applies with respect to--</p> <p>"(A) the Act of July 5, 1946 (commonly referred to as the 'Trademark Act of 1946' (15 U.S.C. 1051 and following)); and</p> <p>"(B) the provisions of section 5 of the Federal Trade Commission Act to the extent that such section 5 applies to unfair or deceptive acts or practices.</p> <p>"(e)(1) To the extent that the Postal Service, or other Federal agency acting on behalf of or in concert with the Postal Service, engages in conduct with respect to any product which is not reserved to the United States under section 1696 of title 18, the Postal Service or other Federal agency (as the case may be)--</p> <p>"(A) shall not be immune under any doctrine of sovereign immunity from suit in Federal court by any person for any violation of Federal law by such agency or any officer or employee thereof; and</p> <p>"(B) shall be considered to be a person (as defined in subsection (a) of the first section of the Clayton Act) for purposes of--</p> <p>"(i) the antitrust laws (as defined in such subsection); and</p> <p>"(ii) section 5 of the Federal Trade Commission Act to the extent that such section 5 applies to unfair methods of competition.</p> <p>For purposes of the preceding sentence, any private carriage of mail allowable by virtue of section 601 shall not be considered a service reserved to the United States under section 1696 of title 18.</p> <p>"(2) No damages, interest on damages, costs or attorney's fees may be recovered, and no criminal liability may be imposed, under the antitrust laws (as so defined) from any officer or employee of the Postal Service, or other Federal agency acting on behalf of or in concert with the Postal Service, acting in an official capacity.</p> <p>"(3) This subsection shall not apply with respect to conduct occurring before the date of enactment of this subsection.</p>	

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<p>"(f)(1) Each building constructed or altered by the Postal Service shall be constructed or altered, to the maximum extent feasible as determined by the Postal Service, in compliance with one of the nationally recognized model building codes and with other applicable nationally recognized codes.</p> <p>"(2) Each building constructed or altered by the Postal Service shall be constructed or altered only after consideration of all requirements (other than procedural requirements) of zoning laws, land use laws, and applicable environmental laws of a State or subdivision of a State which would apply to the building if it were not a building constructed or altered by an establishment of the Government of the United States.</p> <p>"(3) For purposes of meeting the requirements of paragraphs (1) and (2) with respect to a building, the Postal Service shall--</p> <p>"(A) in preparing plans for the building, consult with appropriate officials of the State or political subdivision, or both, in which the building will be located;</p> <p>"(B) upon request, submit such plans in a timely manner to such officials for review by such officials for a reasonable period of time not exceeding 30 days; and</p> <p>"(C) permit inspection by such officials during construction or alteration of the building, in accordance with the customary schedule of inspections for construction or alteration of buildings in the locality, if such officials provide to the Postal Service--</p> <p>"(i) a copy of such schedule before construction of the building is begun; and</p> <p>"(ii) reasonable notice of their intention to conduct any inspection before conducting such inspection.</p> <p>Nothing in this subsection shall impose an obligation on any State or political subdivision to take any action under the preceding sentence, nor shall anything in this subsection require the Postal Service or any of its contractors to pay for any action taken by a State or political</p>	<p>"(f) To the extent that the Postal Service engages in conduct with respect to the provision of competitive products, it shall be considered a person for the purposes of the Federal bankruptcy laws.</p> <p>"(g)(1) Each building constructed or altered by the Postal Service shall be constructed or altered, to the maximum extent feasible as determined by the Postal Service, in compliance with 1 of the nationally recognized model building codes and with other applicable nationally recognized codes. To the extent practicable, model building codes should meet the voluntary consensus criteria established for codes and standards as required in the National Technology Transfer and Advancement Act of 1995 as defined in Office of Management and Budget Circular A1190. For purposes of life safety, the Postal Service shall continue to comply with the most current edition of the Life Safety Code of the National Fire Protection Association (NFPA 101).</p> <p>"(2) Each building constructed or altered by the Postal Service shall be constructed or altered only after consideration of all requirements (other than procedural requirements) of zoning laws, land use laws, and applicable environmental laws of a State or subdivision of a State which would apply to the building if it were not a building constructed or altered by an establishment of the Government of the United States.</p> <p>"(3) For purposes of meeting the requirements of paragraphs (1) and (2) with respect to a building, the Postal Service shall--</p> <p>"(A) in preparing plans for the building, consult with appropriate officials of the State or political subdivision, or both, in which the building will be located;</p> <p>"(B) upon request, submit such plans in a timely manner to such officials for review by such officials for a reasonable period of time not exceeding 30 days; and</p> <p>"(C) permit inspection by such officials during construction or alteration of the building, in accordance with the customary schedule of inspections for construction or alteration of buildings in the locality, if such officials provide to the Postal Service--</p> <p>"(i) a copy of such schedule before construction of the building is begun; and</p> <p>"(ii) reasonable notice of their intention to conduct any inspection before conducting such inspection.</p> <p>Nothing in this subsection shall impose an obligation on any State or political subdivision to take any action under the preceding sentence, nor shall anything in this subsection require the Postal Service or any of its contractors to pay for</p>	

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<p>subdivision to carry out this subsection (including reviewing plans, carrying out on-site inspections, issuing building permits, and making recommendations).</p> <p>"(4) Appropriate officials of a State or a political subdivision of a State may make recommendations to the Postal Service concerning measures necessary to meet the requirements of paragraphs (1) and (2). Such officials may also make recommendations to the Postal Service concerning measures which should be taken in the construction or alteration of the building to take into account local conditions. The Postal Service shall give due consideration to any such recommendations.</p> <p>"(5) In addition to consulting with local and State officials under paragraph (3), the Postal Service shall establish procedures for soliciting, assessing, and incorporating local community input on real property and land use decisions.</p> <p>"(6) For purposes of this subsection, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, and a territory or possession of the United States.</p>	<p>any action taken by a State or political subdivision to carry out this subsection (including reviewing plans, carrying out on-site inspections, issuing building permits, and making recommendations).</p> <p>"(4) Appropriate officials of a State or a political subdivision of a State may make recommendations to the Postal Service concerning measures necessary to meet the requirements of paragraphs (1) and (2). Such officials may also make recommendations to the Postal Service concerning measures which should be taken in the construction or alteration of the building to take into account local conditions. The Postal Service shall give due consideration to any such recommendations.</p> <p>"(5) In addition to consulting with local and State officials under paragraph (3), the Postal Service shall establish procedures for soliciting, assessing, and incorporating local community input on real property and land use decisions.</p> <p>"(6) For purposes of this subsection, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, and a territory or possession of the United States.</p>	
<p>"(g)(1) Notwithstanding any other provision of law, legal representation may not be furnished by the Department of Justice to the Postal Service in any action, suit, or proceeding arising, in whole or in part, under any of the following:</p> <p>"(A) Subsection (d) or (e) of this section.</p> <p>"(B) Subsection (f) or (g) of section 504 (relating to administrative subpoenas by the Postal Regulatory Commission).</p> <p>"(C) Section 3663 (relating to appellate review).</p> <p>The Postal Service may, by contract or otherwise, employ attorneys to obtain any legal representation that it is precluded from obtaining from the Department of Justice under this paragraph.</p> <p>"(2) In any circumstance not covered by paragraph (1), the Department of Justice shall, under section 411, furnish the Postal Service such legal representation as it may require, except that, with the prior consent of the Attorney General, the Postal Service may, in any such circumstance, employ attorneys by contract or otherwise to conduct litigation brought by or against the Postal Service or its officers or employees in matters affecting the Postal Service.</p> <p>"(3)(A) In any action, suit, or proceeding in a court of the United States arising in whole or in part under any of the provisions of law referred to in subparagraph (B) or (C) of paragraph (1), and to which the Commission is not otherwise a party, the Commission shall be permitted to appear as a party on its own motion and as of right.</p> <p>"(B) The Department of Justice shall, under such terms and</p>	<p>"(h)(1) Notwithstanding any other provision of law, legal representation may not be furnished by the Department of Justice to the Postal Service in any action, suit, or proceeding arising, in whole or in part, under any of the following:</p> <p>"(A) Subsection (d) or (e) of this section.</p> <p>"(B) Subsection (f) or (g) of section 504 (relating to administrative subpoenas by the Postal Regulatory Commission).</p> <p>"(C) Section 3663 (relating to appellate review).</p> <p>The Postal Service may, by contract or otherwise, employ attorneys to obtain any legal representation that it is precluded from obtaining from the Department of Justice under this paragraph.</p> <p>"(2) In any circumstance not covered by paragraph (1), the Department of Justice shall, under section 411, furnish the Postal Service such legal representation as it may require, except that, with the prior consent of the Attorney General, the Postal Service may, in any such circumstance, employ attorneys by contract or otherwise to conduct litigation brought by or against the Postal Service or its officers or employees in matters affecting the Postal Service.</p> <p>"(3)(A) In any action, suit, or proceeding in a court of the United States arising in whole or in part under any of the provisions of law referred to in subparagraph (B) or (C) of paragraph (1), and to which the Commission is not otherwise a party, the Commission shall be permitted to appear as a party on its own motion and as of right.</p> <p>"(B) The Department of Justice shall, under such terms and</p>	

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<p>conditions as the Commission and the Attorney General shall consider appropriate, furnish the Commission such legal representation as it may require in connection with any such action, suit, or proceeding, except that, with the prior consent of the Attorney General, the Commission may employ attorneys by contract or otherwise for that purpose.</p> <p>"(h) A judgment against the Government of the United States arising out of activities of the Postal Service shall be paid by the Postal Service out of any funds available to the Postal Service, subject to the restriction specified in section 2011(g)."</p> <p>(b) Technical Amendment.--Section 409(a) of title 39, United States Code, is amended by striking "Except as provided in section 3628 of this title," and inserting "Except as otherwise provided in this title,".</p>	<p>conditions as the Commission and the Attorney General shall consider appropriate, furnish the Commission such legal representation as it may require in connection with any such action, suit, or proceeding, except that, with the prior consent of the Attorney General, the Commission may employ attorneys by contract or otherwise for that purpose.</p> <p>"(i) A judgment against the Government of the United States arising out of activities of the Postal Service shall be paid by the Postal Service out of any funds available to the Postal Service, subject to the restriction specified in section 2011(g)."</p> <p>(b) Technical Amendment.--Section 409(a) of title 39, United States Code, is amended by striking "Except as provided in section 3628 of this title," and inserting "Except as otherwise provided in this title,".</p>	
<p>SEC. 305. INTERNATIONAL POSTAL ARRANGEMENTS.</p> <p>(a) In General.--Section 407 of title 39, United States Code, is amended to read as follows:</p> <p>"Sec. 407. International postal arrangements</p> <p>"(a) It is the policy of the United States--</p> <p>"(1) to promote and encourage communications between peoples by efficient operation of international postal services and other international delivery services for cultural, social, and economic purposes;</p> <p>"(2) to promote and encourage unrestricted and undistorted competition in the provision of international postal services and other international delivery services, except where provision of such services by private companies may be prohibited by law of the United States;</p> <p>"(3) to promote and encourage a clear distinction between governmental and operational responsibilities with respect to the provision of international postal services and other international delivery services by the Government of the United States and by intergovernmental organizations of which the United States is a member; and</p> <p>"(4) to participate in multilateral and bilateral agreements with other countries to accomplish these objectives.</p> <p>"(b)(1) The Secretary of State shall be responsible for formulation, coordination, and oversight of foreign policy related to</p>	<p>SEC. 405. INTERNATIONAL POSTAL ARRANGEMENTS.</p> <p>(a) In General.--Section 407 of title 39, United States Code, is amended to read as follows:</p> <p>"Sec. 407. International postal arrangements</p> <p>"(a) It is the policy of the United States--</p> <p>"(1) to promote and encourage communications between peoples by efficient operation of international postal services and other international delivery services for cultural, social, and economic purposes;</p> <p>"(2) to promote and encourage unrestricted and undistorted competition in the provision of international postal services and other international delivery services, except where provision of such services by private companies may be prohibited by law of the United States;</p> <p>"(3) to promote and encourage a clear distinction between governmental and operational responsibilities with respect to the provision of international postal services; and</p> <p>"(4) to participate in multilateral and bilateral agreements with other countries to accomplish these objectives.</p> <p>"(b)(1) The Secretary of State shall be responsible for formulation, coordination, and oversight of foreign policy related to</p>	

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<p>international postal services and other international delivery services, and shall have the power to conclude treaties, conventions and amendments related to international postal services and other international delivery services, except that the Secretary may not conclude any treaty, convention, or other international agreement (including those regulating international postal services) if such treaty, convention, or agreement would, with respect to any competitive product, grant an undue or unreasonable preference to the Postal Service, a private provider of international postal or delivery services, or any other person.</p> <p>"(2) In carrying out the responsibilities specified in paragraph (1), the Secretary of State shall exercise primary authority for the conduct of foreign policy with respect to international postal services and international delivery services, including the determination of United States positions and the conduct of United States participation in negotiations with foreign governments and international bodies. In exercising this authority, the Secretary--</p> <p>"(A) shall coordinate with other agencies as appropriate, and in particular, shall give full consideration to the authority vested by law or Executive order in the Postal Regulatory Commission, the Department of Commerce, the Department of Transportation, and the Office of the United States Trade Representative in this area;</p> <p>"(B) shall maintain continuing liaison with other executive branch agencies concerned with postal and delivery services;</p> <p>"(C) shall maintain continuing liaison with the Committee on Government Reform of the House of Representatives and the Committee on Governmental Affairs of the Senate;</p> <p>"(D) shall maintain appropriate liaison with both representatives of the Postal Service and representatives of users and private providers of international postal services and other international delivery services to keep informed of their interests and problems, and to provide such assistance as may be needed to ensure that matters of concern are promptly considered by the Department of State or (if applicable, and to the extent practicable) other executive branch agencies; and</p> <p>"(E) shall assist in arranging meetings of such public sector advisory groups as may be established to advise the Department of State and other executive branch agencies in connection with international postal services and international delivery services.</p> <p>"(3) The Secretary of State shall establish an advisory committee</p>	<p>international postal services and shall have the power to conclude postal treaties and conventions, except that the Secretary may not conclude any postal treaty or convention if such treaty or convention would, with respect to any competitive product, grant an undue or unreasonable preference to the Postal Service, a private provider of international postal services, or any other person.</p> <p>"(2) In carrying out the responsibilities specified in paragraph (1), the Secretary of State shall exercise primary authority for the conduct of foreign policy with respect to international postal services, including the determination of United States positions and the conduct of United States participation in negotiations with foreign governments and international bodies. In exercising this authority, the Secretary--</p> <p>"(A) shall coordinate with other agencies as appropriate, and in particular, should consider the authority vested by law or Executive order in the Postal Regulatory Commission, the Department of Commerce, the Department of Transportation, and the Office of the United States Trade Representative in this area;</p> <p>"(B) shall maintain continuing liaison with other executive branch agencies concerned with postal and delivery services;</p> <p>"(C) shall maintain continuing liaison with the Committee on Homeland Security and Governmental Affairs of the Senate and the Committee on Government Reform of the House of Representatives;</p> <p>"(D) shall maintain appropriate liaison with both representatives of the Postal Service and representatives of users and private providers of international postal services and other international delivery services to keep informed of their interests and problems, and to provide such assistance as may be needed to ensure that matters of concern are promptly considered by the Department of State or (if applicable, and to the extent practicable) other executive branch agencies; and</p> <p>"(E) shall assist in arranging meetings of such public sector advisory groups as may be established to advise the Department of State and other executive branch agencies in connection with international postal services and international delivery services.</p> <p>"(3) The Secretary of State shall establish an advisory committee</p>	

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<p>(within the meaning of the Federal Advisory Committee Act) to perform such functions as the Secretary considers appropriate in connection with carrying out subparagraphs (A) through (D) of paragraph (2).</p> <p>"(c)(1) Before concluding any treaty, convention, or amendment that establishes a rate or classification for a product subject to subchapter I of chapter 36, the Secretary of State shall request the Postal Regulatory Commission to submit a decision on whether such rate or classification is consistent with the standards and criteria established by the Commission under section 3622.</p> <p>"(2) The Secretary shall ensure that each treaty, convention, or amendment concluded under subsection (b) is consistent with a decision of the Commission adopted under paragraph (1), except if, or to the extent, the Secretary determines, by written order, that considerations of foreign policy or national security require modification of the Commission's decision.</p> <p>"(d) Nothing in this section shall be considered to prevent the Postal Service from entering into such commercial or operational contracts related to providing international postal services and other international delivery services as it deems appropriate, except that--</p> <p>"(1) any such contract made with an agency of a foreign government (whether under authority of this subsection or otherwise) shall be solely contractual in nature and may not purport to be international law; and</p> <p>"(2) a copy of each such contract between the Postal Service and an agency of a foreign government shall be transmitted to the Secretary of State and the Postal Regulatory Commission not later than the effective date of such contract.</p>	<p>(within the meaning of the Federal Advisory Committee Act) to perform such functions as the Secretary considers appropriate in connection with carrying out subparagraphs (A) through (D) of paragraph (2).</p> <p>"(c) Before concluding any postal treaty or convention that establishes a rate or classification for a product subject to subchapter I of chapter 36, the Secretary of State shall request the Postal Regulatory Commission to submit its views on whether such rate or classification is consistent with the standards and criteria established by the Commission under section 3622.</p> <p>"(d) Nothing in this section shall be considered to prevent the Postal Service from entering into such commercial or operational contracts related to providing international postal services as it deems appropriate, except that—</p> <p>"(1) any such contract made with an agency of a foreign government (whether under authority of this subsection or otherwise) shall be solely contractual in nature and may not purport to be binding under international law; and</p> <p>"(2) a copy of each such contract between the Postal Service and an agency of a foreign government shall be transmitted to the Secretary of State and the Postal Regulatory Commission not later than the effective date of such contract.</p>	
<p>"(e)(1) With respect to shipments of international mail that are competitive products within the meaning of section 3631 that are exported or imported by the Postal Service, the Bureau of Customs and Border Protection of the Department of Homeland Security and other appropriate Federal agencies shall apply the customs laws of the United States and all other laws relating to the importation or exportation of such shipments in the same manner to both shipments by the Postal Service and similar shipments by private companies.</p> <p>"(2) For purposes of this subsection, the term 'private company' means a private company substantially owned or controlled by persons who are citizens of the United States.</p> <p>"(3) In exercising the authority pursuant to subsection (b) to conclude new treaties, conventions and amendments related to international postal services and to renegotiate such treaties, conventions and amendments, the Secretary of State shall, to the</p>	<p>"(e)(1) With respect to shipments of international mail that are competitive products within the meaning of section 3631 that are exported or imported by the Postal Service, the Customs Service and other appropriate Federal agencies shall apply the customs laws of the United States and all other laws relating to the importation or exportation of such shipments in the same manner to both shipments by the Postal Service and similar shipments by private companies.</p> <p>"(2) In exercising the authority under subsection (b) to conclude new postal treaties and conventions related to international postal services and to renegotiate such treaties and conventions, the Secretary of State shall, to the maximum extent practicable, take such</p>	

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<p>maximum extent practicable, take such measures as are within the Secretary's control to encourage the governments of other countries to make available to the Postal Service and private companies a range of nondiscriminatory customs procedures that will fully meet the needs of all types of American shippers. The Secretary of State shall consult with the United States Trade Representative and the Commissioner of Customs, Department of Homeland Security in carrying out this paragraph.</p> <p>"(4) The provisions of this subsection shall take effect 6 months after the date of the enactment of this subsection or such earlier date as the Bureau of Customs and Border Protection of the Department of Homeland Security may determine in writing."</p> <p>(b) Effective Date.--Notwithstanding any provision of the amendment made by subsection (a), the authority of the United States Postal Service to establish the rates of postage or other charges on mail matter conveyed between the United States and other countries shall remain available to the Postal Service until--</p> <p>(1) with respect to market-dominant products, the date as of which the regulations promulgated under section 3622 of title 39, United States Code (as amended by section 201(a)) take effect; and</p> <p>(2) with respect to competitive products, the date as of which the regulations promulgated under section 3633 of title 39, United States Code (as amended by section 202) take effect.</p>	<p>measures as are within the Secretary's control to encourage the governments of other countries to make available to the Postal Service and private companies a range of nondiscriminatory customs procedures that will fully meet the needs of all types of American shippers. The Secretary of State shall consult with the United States Trade Representative and the Commissioner of Customs in carrying out this paragraph.</p> <p>"(3) The provisions of this subsection shall take effect 6 months after the date of enactment of this subsection or such earlier date as the Customs Service may determine in writing."</p> <p>(b) Effective Date.--Notwithstanding any provision of the amendment made by subsection (a), the authority of the United States Postal Service to establish the rates of postage or other charges on mail matter conveyed between the United States and other countries shall remain available to the Postal Service until--</p> <p>(1) with respect to market-dominant products, the date as of which the regulations promulgated under section 3622 of title 39, United States Code (as amended by section 201(a)) take effect; and</p> <p>(2) with respect to competitive products, the date as of which the regulations promulgated under section 3633 of title 39, United States Code (as amended by section 202) take effect.</p>	
<p>SEC. 306. REDESIGNATION.</p> <p>Chapter 36 of title 39, United States Code (as in effect before the amendment made by section 204(a)) is amended by striking the heading for subchapter V and inserting the following:</p> <p>"SUBCHAPTER VI--GENERAL".</p>		
<p align="center">TITLE IV--GENERAL PROVISIONS</p>	<p align="center">TITLE V--GENERAL PROVISIONS</p>	
<p>SEC. 401. QUALIFICATION REQUIREMENTS FOR GOVERNORS.</p> <p>(a) In General.--Section 202(a) of title 39, United States Code, is amended by striking "(a)" and inserting "(a)(1)" and by striking the fourth sentence and inserting the following: "The Governors shall</p>	<p>SEC. 501. QUALIFICATION AND TERM REQUIREMENTS FOR GOVERNORS.</p> <p>(a) Qualifications.--</p> <p>(1) In general.--Section 202(a) of title 39, United States Code, is amended by striking "(a)" and inserting "(a)(1)"</p>	

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<p>represent the public interest generally, and at least 4 of the Governors shall be chosen solely on the basis of their demonstrated ability in managing organizations or corporations (in either the public or private sector) of substantial size; for purposes of this sentence, an organization or corporation shall be considered to be of substantial size if it employs at least 50,000 employees. The Governors shall not be representatives of specific interests using the Postal Service, and may be removed only for cause."</p> <p>(b) Consultation Requirement.--Section 202(a) of title 39, United States Code, is amended by adding at the end the following: "(2) In selecting the individuals described in paragraph (1) for nomination for appointment to the position of Governor, the President should consult with the Speaker of the House of Representatives, the minority leader of the House of Representatives, the majority leader of the Senate, and the minority leader of the Senate."</p> <p>(c) Restriction.--Section 202(b) of title 39, United States Code, is amended by striking "(b)" and inserting "(b)(1)", and by adding at the end the following: "(2)(A) Notwithstanding any other provision of this section, in the case of the office of the Governor the term of which is the first one scheduled to expire at least 4 months after the date of the enactment of this paragraph-- "(i) such office may not, in the case of any person commencing service after that expiration date, be filled by any person other than an individual chosen from among persons nominated for such office with the unanimous concurrence of all labor organizations described in section 206(a)(1); and "(ii) instead of the term that would otherwise apply under the first sentence of paragraph (1), the term of any person so appointed to such office shall be 3 years. "(B) Except as provided in subparagraph (A), an appointment under</p>	<p>and by striking the fourth sentence and inserting the following: "The Governors shall represent the public interest generally, and shall be chosen solely on the basis of their experience in the fields of public service, law or accounting or on their demonstrated ability in managing organizations or corporations (in either the public or private sector) of substantial size. The Governors shall not be representatives of specific interests using the Postal Service, and may be removed only for cause."</p> <p>(2) Applicability.--The amendment made by paragraph (1) shall not affect the appointment or tenure of any person serving as a Governor of the United States Postal Service under an appointment made before the date of enactment of this Act however, when any such office becomes vacant, the appointment of any person to fill that office shall be made in accordance with such amendment. The requirement set forth in the fourth sentence of section 202(a)(1) of title 39, United States Code (as amended by subsection (a)) shall be met beginning not later than 9 years after the date of enactment of this Act.</p> <p>(b) Consultation Requirement.--Section 202(a) of title 39, United States Code, is amended by adding at the end the following: "(2) In selecting the individuals described in paragraph (1) for nomination for appointment to the position of Governor, the President should consult with the Speaker of the House of Representatives, the minority leader of the House of Representatives, the majority leader of the Senate, and the minority leader of the Senate."</p> <p>(c) 7-Year Terms.-- (1) In general.--Section 202(b) of title 39, United States code, is amended in the first sentence by striking "9 years" and inserting "7 years". (2) Applicability.-- (A) Continuation by incumbents.--The amendment made by paragraph (1) shall not affect the tenure of any person serving as a Governor of the United States Postal Service on the date of enactment of this Act and such person may continue to serve the remainder of the applicable term. (B) Vacancy by incumbent before 5 years of service.--If a person who is serving as a Governor of the United States Postal Service on the date of enactment of this Act resigns, is removed, or dies before the expiration of the 9-year term of that</p>	

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<p>this paragraph shall be made in conformance with all provisions of this section that would otherwise apply.".</p> <p>(d) Applicability.--The amendment made by subsection (a) shall not affect the appointment or tenure of any person serving as a Governor of the Board of Governors of the United States Postal Service pursuant to an appointment made before the date of the enactment of this Act, or, except as provided in the amendment made by subsection (c), any nomination made before that date; however, when any such office becomes vacant, the appointment of any person to fill that office shall be made in accordance with such amendment. The requirement set forth in the fourth sentence of section 202(a)(1) of title 39, United States Code (as amended by subsection (a)) shall be met beginning not later than 9 years after the date of the enactment of this Act.</p>	<p>Governor, and that Governor has served less than 5 years of that term, the resulting vacancy in office shall be treated as a vacancy in a 5-year term.</p> <p>(C) Vacancy by incumbent after 5 years of service.--If a person who is serving as a Governor of the United States Postal Service on the date of enactment of this Act resigns, is removed, or dies before the expiration of the 9-year term of that Governor, and that Governor has served 5 years or more of that term, that term shall be deemed to have been a 5-year term beginning on its commencement date for purposes of determining vacancies in office. Any appointment to the vacant office shall be for a 5-year term beginning at the end of the original 9-year term determined without regard to the deeming under the preceding sentence. Nothing in this subparagraph shall be construed to affect any action or authority of any Governor or the Board of Governors during any portion of a 9-year term deemed to be 5-year term under this subparagraph.</p> <p>(d) Term Limitation.--</p> <p>(1) In general.--Section 202(b) of title 39, United States Code, is amended--</p> <p>(A) by inserting "(1)" after "(b)"; and</p> <p>(B) by adding at the end the following:</p> <p>"(2) No person may serve more than 2 terms as a Governor."</p> <p>(2) Applicability.--The amendments made by paragraph (1) shall not affect the tenure of any person serving as a Governor of the United States Postal Service on the date of enactment of this Act with respect to the term which that person is serving on that date. Such person may continue to serve the remainder of the applicable term, after which the amendments made by paragraph (1) shall apply.</p>	
<p>SEC. 402. OBLIGATIONS.</p> <p>(a) Purposes for Which Obligations May Be Issued.--The first sentence of section 2005(a)(1) of title 39, United States Code, is amended by striking "title." and inserting "title, other than any of</p>	<p>SEC. 502. OBLIGATIONS.</p> <p>(a) Purposes for Which Obligations May Be Issued.--The first sentence of section 2005(a)(1) of title 39, United States Code, is amended by striking "title." and inserting "title, other than any of</p>	

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<p>the purposes for which the corresponding authority is available to the Postal Service under section 2011."</p> <p>(b) Limitation on Net Annual Increase in Obligations Issued for Certain Purposes.--The third sentence of section 2005(a)(1) of title 39, United States Code, is amended to read as follows: "In any one fiscal year, the net increase in the amount of obligations outstanding issued for the purpose of capital improvements and the net increase in the amount of obligations outstanding issued for the purpose of defraying operating expenses of the Postal Service shall not exceed a combined total of \$3,000,000,000." .</p> <p>(c) Limitations on Obligations Outstanding.-- (1) In general.--Subsection (a) of section 2005 of title 39, United States Code, is amended by adding at the end the following: "(3) For purposes of applying the respective limitations under this subsection, the aggregate amount of obligations issued by the Postal Service which are outstanding as of any one time, and the net increase in the amount of obligations outstanding issued by the Postal Service for the purpose of capital improvements or for the purpose of defraying operating expenses of the Postal Service in any fiscal year, shall be determined by aggregating the relevant obligations issued by the Postal Service under this section with the relevant obligations issued by the Postal Service under section 2011." (2) Conforming amendment.--The second sentence of section 2005(a)(1) of title 39, United States Code, is amended by striking "any such obligations" and inserting "obligations issued by the Postal Service which may be".</p> <p>(d) Amounts Which May Be Pledged, Etc.-- (1) Obligations to which provisions apply.--The first sentence of section 2005(b) of title 39, United States Code, is amended by striking "such obligations," and inserting "obligations issued by the Postal Service under this section,". (2) Assets, revenues, and receipts to which provisions apply.--Subsection (b) of section 2005 of title 39, United States Code, is amended by striking "(b)" and inserting "(b)(1)", and by adding at the end the following: "(2) Notwithstanding any other provision of this section-- "(A) the authority to pledge assets of the Postal Service under this subsection shall be available only to the extent that such assets are not related to the provision of</p>	<p>the purposes for which the corresponding authority is available to the Postal Service under section 2011."</p> <p>(b) Increase Relating to Obligations Issued for Capital Improvements.--Section 2005(a)(1) of title 39, United States Code, is amended by striking the third sentence.</p> <p>(c) Amounts Which May Be Pledged.-- (1) Obligations to which provisions apply.--The first sentence of section 2005(b) of title 39, United States Code, is amended by striking "such obligations," and inserting "obligations issued by the Postal Service under this section,". (2) Assets, revenues, and receipts to which provisions apply.--Subsection (b) of section 2005 of title 39, United States Code, is amended by striking "(b)" and inserting "(b)(1)", and by adding at the end the following: "(2) Notwithstanding any other provision of this section-- "(A) the authority to pledge assets of the Postal Service under this subsection shall be available only to the extent that such assets are not related to the provision of</p>	

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<p>competitive products (as determined under section 2011(h) or, for purposes of any period before accounting practices and principles under section 2011(h) have been established and applied, the best information available from the Postal Service, including the audited statements required by section 2008(e)); and</p> <p>"(B) any authority under this subsection relating to the pledging or other use of revenues or receipts of the Postal Service shall be available only to the extent that they are not revenues or receipts of the Competitive Products Fund."</p>	<p>competitive products (as determined under section 2011(h) or, for purposes of any period before accounting practices and principles under section 2011(h) have been established and applied, the best information available from the Postal Service, including the audited statements required by section 2008(e)); and</p> <p>"(B) any authority under this subsection relating to the pledging or other use of revenues or receipts of the Postal Service shall be available only to the extent that they are not revenues or receipts of the Competitive Products Fund."</p>	
<p>SEC. 403. PRIVATE CARRIAGE OF LETTERS.</p> <p>(a) In General.--Section 601 of title 39, United States Code, is amended by striking subsection (b) and inserting the following:</p> <p>"(b) A letter may also be carried out of the mails when--</p> <p>"(1) the amount paid for the private carriage of the letter is at least the amount equal to 6 times the rate then currently charged for the 1st ounce of a single-piece first class letter;</p> <p>"(2) the letter weighs at least 12 1/2 ounces; or</p> <p>"(3) such carriage is within the scope of services described by regulations of the Postal Service (including, in particular, sections 310.1 and 320.2-320.8 of title 39 of the Code of Federal Regulations, as in effect on July 1, 2004) that purport to permit private carriage by suspension of the operation of this section (as then in effect).</p> <p>"(c) Any regulations necessary to carry out this section shall be promulgated by the Postal Regulatory Commission."</p> <p>(b) Effective Date.--This section shall take effect on the date as of which the regulations promulgated under section 3633 of title 39, United States Code (as amended by section 202) take effect.</p>	<p>SEC. 503. PRIVATE CARRIAGE OF LETTERS.</p> <p>(a) In General.--Section 601 of title 39, United States Code, is amended by striking subsection (b) and inserting the following:</p> <p>"(b) A letter may also be carried out of the mails when--</p> <p>"(1) the amount paid for the private carriage of the letter is at least the amount equal to 6 times the rate then currently charged for the 1st ounce of a single-piece first class letter;</p> <p>"(2) the letter weighs at least 12 1/2 ounces; or</p> <p>"(3) such carriage is within the scope of services described by regulations of the United States Postal Service (as in effect on July 1, 2001) that permit private carriage by suspension of the operation of this section (as then in effect).</p> <p>"(c) Any regulations necessary to carry out this section shall be promulgated by the Postal Regulatory Commission."</p> <p>(b) Effective Date.--This section shall take effect on the date as of which the regulations promulgated under section 3633 of title 39, United States Code (as amended by section 202) take effect.</p>	
<p>SEC. 404. RULEMAKING AUTHORITY.</p> <p>Paragraph (2) of section 401 of title 39, United States Code, is amended to read as follows:</p> <p>"(2) to adopt, amend, and repeal such rules and regulations, not inconsistent with this title, as may be necessary in the execution of its functions under this title</p>	<p>SEC. 504. RULEMAKING AUTHORITY.</p> <p>Paragraph (2) of section 401 of title 39, United States Code, is amended to read as follows:</p> <p>"(2) to adopt, amend, and repeal such rules and regulations, not inconsistent with this title, as may be necessary in the execution of its functions under this title</p>	

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and such other functions as may be assigned to the Postal Service under any provisions of law outside of this title;".	and such other functions as may be assigned to the Postal Service under any provisions of law outside of this title;".	
<p>SEC. 405. NONINTERFERENCE WITH COLLECTIVE BARGAINING AGREEMENTS, ETC.</p> <p>(a) Noninterference With Collective Bargaining Agreements.--Except as provided in section 407, nothing in this Act or any amendment made by this Act shall restrict, expand, or otherwise affect any of the rights, privileges, or benefits of either employees of or labor organizations representing employees of the United States Postal Service under chapter 12 of title 39, United States Code, the National Labor Relations Act, any handbook or manual affecting employee labor relations within the United States Postal Service, or any collective bargaining agreement.</p> <p>(b) Free Mailing Privileges Continue Unchanged.--Nothing in this Act or any amendment made by this Act shall affect any free mailing privileges accorded under section 3217 or sections 3403 through 3406 of title 39, United States Code.</p>	<p>SEC. 505. NONINTERFERENCE WITH COLLECTIVE BARGAINING AGREEMENTS. [For 505(a) see HR 22 PCS § 407]</p> <p>(b) Noninterference With Collective Bargaining Agreements.--Except as otherwise provided by the amendment made by subsection (a), nothing in this Act shall restrict, expand, or otherwise affect any of the rights, privileges, or benefits of either employees of or labor organizations representing employees of the United States Postal Service under chapter 12 of title 39, United States Code, the National Labor Relations Act, any handbook or manual affecting employee labor relations within the United States Postal Service, or any collective bargaining agreement.</p> <p>(c) Free Mailing Privileges Continue Unchanged.--Nothing in this Act or any amendment made by this Act shall affect any free mailing privileges accorded under section 3217 or sections 3403 through 3406 of title 39, United States Code.</p>	
<p>SEC. 406. BONUS AND COMPENSATION AUTHORITY.</p> <p>Subchapter VI of chapter 36 of title 39, United States Code (as so redesignated by section 306) is amended by adding at the end the following:</p> <p>"Sec. 3686. Bonus authority</p> <p>"(a) In General.--The Postal Service may establish one or more programs to provide bonuses or other rewards to officers and employees of the Postal Service in senior executive or equivalent positions to achieve the objectives of this chapter.</p> <p>"(b) Limitation on Total Compensation.-- "(1) In general.--Under any such program, the Postal Service may award a bonus or other reward in excess of the limitation set forth in the last sentence of section 1003(a), if such program has been approved under paragraph (2). Any such award or bonus may not cause the total compensation of such officer or employee to exceed the total annual compensation payable to the Vice President under section 104 of title 3 as</p>	<p>SEC. 506. BONUS AUTHORITY.</p> <p>Chapter 36 of title 39, United States Code, is amended by inserting after section 3685 the following:</p> <p>"Sec. 3686. Bonus authority</p> <p>"(a) In General.--The Postal Service may establish 1 or more programs to provide bonuses or other rewards to officers and employees of the Postal Service in senior executive or equivalent positions to achieve the objectives of this chapter.</p> <p>"(b) Limitation on Total Compensation.-- "(1) In general.--Under any such program, the Postal Service may award a bonus or other reward in excess of the limitation set forth in the last sentence of section 1003(a), if such program has been approved under paragraph (2). Any such award or bonus may not cause the total compensation of such officer or employee to exceed the total annual compensation payable to the Vice President under section 104 of title 3 as</p>	

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<p>of the end of the calendar year in which the bonus or award is paid.</p> <p>"(2) Approval process.--If the Postal Service wishes to have the authority, under any program described in subsection (a), to award bonuses or other rewards in excess of the limitation set forth in the last sentence of section 1003(a)--</p> <p>"(A) the Postal Service shall make an appropriate request to the Board of Governors in such form and manner as the Board requires; and</p> <p>"(B) the Board of Governors shall approve any such request if it certifies, for the annual appraisal period involved, that the performance appraisal system for affected officers and employees of the Postal Service (as designed and applied) makes meaningful distinctions based on relative performance.</p> <p>"(3) Revocation authority.--If the Board of Governors finds that a performance appraisal system previously approved under paragraph (2)(B) does not (as designed and applied) make meaningful distinctions based on relative performance, the Board may revoke or suspend the authority of the Postal Service to continue a program approved under paragraph (2) until such time as appropriate corrective measures have, in the judgment of the Board, been taken.</p> <p>"(c) Exceptions for Critical Positions.--Notwithstanding any other provision of law, the Board of Governors may allow up to 12 officers or employees of the Postal Service in critical senior executive or equivalent positions to receive total compensation in an amount not to exceed 120 percent of the total annual compensation payable to the Vice President under section 104 of title 3 as of the end of the calendar year in which such payment is received. For each exception made under this subsection, the Board shall provide written notification to the Director of the Office of Personnel Management and the Congress within 30 days after the payment is made setting forth the name of the officer or employee involved, the critical nature of his or her duties and responsibilities, and the basis for determining that such payment is warranted.</p> <p>"(d) Information for Inclusion in Comprehensive Statement.--Included in its comprehensive statement under section 2401(e) for any period shall be--</p> <p>"(1) the name of each person receiving a bonus or other payment during such period which would not have been allowable but for the provisions of subsection (b) or (c);</p>	<p>of the end of the calendar year in which the bonus or award is paid.</p> <p>"(2) Approval process.--If the Postal Service wishes to have the authority, under any program described in subsection (a), to award bonuses or other rewards in excess of the limitation set forth in the last sentence of section 1003(a)--</p> <p>"(A) the Postal Service shall make an appropriate request to the Board of Governors of the Postal Service in such form and manner as the Board requires; and</p> <p>"(B) the Board of Governors shall approve any such request if the Board certifies, for the annual appraisal period involved, that the performance appraisal system for affected officers and employees of the Postal Service (as designed and applied) makes meaningful distinctions based on relative performance.</p> <p>"(3) Revocation authority.--If the Board of Governors of the Postal Service finds that a performance appraisal system previously approved under paragraph (2)(B) does not (as designed and applied) make meaningful distinctions based on relative performance, the Board may revoke or suspend the authority of the Postal Service to continue a program approved under paragraph (2) until such time as appropriate corrective measures have, in the judgment of the Board, been taken.</p> <p>"(c) Reporting Requirement Relating to Bonuses or Other Rewards.--Included in its comprehensive statement under section 2401(e) for any period shall be--</p> <p>"(1) the name of each person receiving a bonus or other reward during such period which would not have been allowable but for the provisions of subsection (b);</p>	

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<p>"(2) the amount of the bonus or other payment; and "(3) the amount by which the limitation set forth in the last sentence of section 1003(a) was exceeded as a result of such bonus or other payment.</p> <p>"(e) Regulations.--The Board of Governors may prescribe regulations for the administration of this section."</p>	<p>"(2) the amount of the bonus or other reward; and "(3) the amount by which the limitation referred to in subsection (b)(1) was exceeded as a result of such bonus or other reward."</p>	
<p>SEC. 407. MEDIATION IN COLLECTIVE-BARGAINING DISPUTES.</p> <p>(a) In General.--Section 1207(b) of title 39, United States Code, is amended by striking all that follows "the Director of the Federal Mediation and Conciliation Service shall" and inserting ", within 10 days appoint a mediator of nationwide reputation and professional stature, and who is also a member of the National Academy of Arbitrators. The parties shall cooperate with the mediator in an effort to reach an agreement and shall meet and negotiate in good faith at such times and places that the mediator, in consultation with the parties, shall direct."</p> <p>(b) Provisions Relating to Arbitration Boards.--Section 1207(c) of title 39, United States Code, is amended--</p> <p>(1) in paragraph (1)--</p> <p>(A) by striking "90" and inserting "60";</p> <p>(B) by striking "not members of the factfinding panel,"; and</p> <p>(C) by striking all that follows "shall be made" and inserting "from a list of names provided by the Director. This list shall consist of not less than 9 names of arbitrators of nationwide reputation and professional stature, who are also members of the National Academy of Arbitrators, and whom the Director has determined are available and willing to serve.";</p> <p>and</p> <p>(2) in paragraph (3), by striking "factfinding panel" and inserting "mediation".</p> <p>(c) Conforming Amendment.--Section 1207(d) of title 39, United States Code, is amended by striking "factfinding panel will be established" and inserting "mediator shall be appointed".</p>	<p>[SEC. 505(a). NONINTERFERENCE WITH COLLECTIVE BARGAINING AGREEMENTS.]</p> <p>(a) Labor Disputes.--Section 1207 of title 39, United States Code, is amended to read as follows:</p> <p>"Sec. 1207. Labor disputes</p> <p>"(a) If there is a collective-bargaining agreement in effect, no party to such agreement shall terminate or modify such agreement unless the party desiring such termination or modification serves written notice upon the other party to the agreement of the proposed termination or modification not less than 90 days prior to the expiration date thereof, or not less than 90 days prior to the time it is proposed to make such termination or modification. The party serving such notice shall notify the Federal Mediation and Conciliation Service of the existence of a dispute within 45 days after such notice, if no agreement has been reached by that time.</p> <p>"(b) If the parties fail to reach agreement or to adopt a procedure providing for a binding resolution of a dispute by the expiration date of the agreement in effect, or the date of the proposed termination or modification, the Director of the Federal Mediation and Conciliation Service shall within 10 days appoint a mediator of nationwide reputation and professional stature, and who is also a member of the National Academy of Arbitrators. The parties shall cooperate with the mediator in an effort to reach an agreement and shall meet and negotiate in good faith at such times and places that the mediator, in consultation with the parties, shall direct.</p> <p>"(c)(1) If no agreement is reached within 60 days after the expiration or termination of the agreement or the date on which the agreement became subject to modification under subsection (a) of this section, or if the parties decide upon arbitration but do not agree upon the procedures therefore, an arbitration board shall be established consisting of 3 members, 1 of whom shall be selected by the Postal Service, 1 by the bargaining representative of the employees, and the third by the 2 thus selected. If either of the parties fails to</p>	

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	<p>select a member, or if the members chosen by the parties fail to agree on the third person within 5 days after their first meeting, the selection shall be made from a list of names provided by the Director. This list shall consist of not less than 9 names of arbitrators of nationwide reputation and professional nature, who are also members of the National Academy of Arbitrators, and whom the Director has determined are available and willing to serve.</p> <p>"(2) The arbitration board shall give the parties a full and fair hearing, including an opportunity to present evidence in support of their claims, and an opportunity to present their case in person, by counsel or by other representative as they may elect. Decisions of the arbitration board shall be conclusive and binding upon the parties. The arbitration board shall render its decision within 45 days after its appointment.</p> <p>"(3) Costs of the arbitration board and mediation shall be shared equally by the Postal Service and the bargaining representative.</p> <p>"(d) In the case of a bargaining unit whose recognized collective-bargaining representative does not have an agreement with the Postal Service, if the parties fail to reach the agreement within 90 days after the commencement of collective bargaining, a mediator shall be appointed in accordance with the terms in subsection (b) of this section, unless the parties have previously agreed to another procedure for a binding resolution of their differences. If the parties fail to reach agreement within 180 days after the commencement of collective bargaining, and if they have not agreed to another procedure for binding resolution, an arbitration board shall be established to provide conclusive and binding arbitration in accordance with the terms of subsection (c) of this section."</p>	
<p>TITLE V--ENHANCED REGULATORY COMMISSION</p>	<p>TITLE VI--ENHANCED REGULATORY COMMISSION</p>	
<p>SEC. 501. REORGANIZATION AND MODIFICATION OF CERTAIN PROVISIONS RELATING TO THE POSTAL REGULATORY COMMISSION.</p> <p>(a) Transfer and Redesignation.--Title 39, United States Code, is amended--</p> <p>(1) by inserting after chapter 4 the following:</p> <p>"CHAPTER 5--POSTAL REGULATORY COMMISSION</p> <p>"Sec.</p>	<p>SEC. 601. REORGANIZATION AND MODIFICATION OF CERTAIN PROVISIONS RELATING TO THE POSTAL REGULATORY COMMISSION.</p> <p>(a) Transfer and Redesignation.--Title 39, United States Code, is amended--</p> <p>(1) by inserting after chapter 4 the following:</p> <p>"CHAPTER 5--POSTAL REGULATORY COMMISSION</p> <p>"Sec.</p>	

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<p>"501. Establishment. "502. Commissioners. "503. Rules; regulations; procedures. "504. Administration.</p> <p>"Sec. 501. Establishment</p> <p>"The Postal Regulatory Commission is an independent establishment of the executive branch of the Government of the United States.</p> <p>"Sec. 502. Commissioners</p> <p>"(a) The Postal Regulatory Commission is composed of 5 Commissioners, appointed by the President, by and with the advice and consent of the Senate. The Commissioners shall be chosen solely on the basis of their technical qualifications, professional standing, and demonstrated expertise in economics, accounting, law, or public administration, and may be removed by the President only for cause. Each individual appointed to the Commission shall have the qualifications and expertise necessary to carry out the responsibilities accorded Commissioners under the Postal Accountability and Enhancement Act. Not more than 3 of the Commissioners may be adherents of the same political party.</p> <p>"(b) A Commissioner may continue to serve after the expiration of his term until his successor has qualified, except that a Commissioner may not so continue to serve for more than 1 year after the date upon which his term otherwise would expire under subsection (e).</p> <p>"(c) One of the Commissioners shall be designated as Chairman by, and shall serve in the position of Chairman at the pleasure of, the President.</p> <p>"(d) The Commissioners shall by majority vote designate a Vice Chairman of the Commission. The Vice Chairman shall act as Chairman of the Commission in the absence of the Chairman.</p>	<p>"501. Establishment. "502. Commissioners. "503. Rules; regulations; procedures. "504. Administration. "505. Officer of the Postal Regulatory Commission representing the general public.</p> <p>"Sec. 501. Establishment</p> <p>"The Postal Regulatory Commission is an independent establishment of the executive branch of the Government of the United States.</p> <p>"Sec. 502. Commissioners</p> <p>"(a) The Postal Regulatory Commission is composed of 5 Commissioners, appointed by the President, by and with the advice and consent of the Senate. The Commissioners shall be chosen solely on the basis of their technical qualifications, professional standing, and demonstrated expertise in economics, accounting, law, or public administration, and may be removed by the President only for cause. Each individual appointed to the Commission shall have the qualifications and expertise necessary to carry out the enhanced responsibilities accorded Commissioners under the Postal Accountability and Enhancement Act. Not more than 3 of the Commissioners may be adherents of the same political party.</p> <p>"(b) No Commissioner shall be financially interested in any enterprise in the private sector of the economy engaged in the delivery of mail matter.</p> <p>"(c) A Commissioner may continue to serve after the expiration of his term until his successor has qualified, except that a Commissioner may not so continue to serve for more than 1 year after the date upon which his term otherwise would expire under subsection (f).</p> <p>"(d) One of the Commissioners shall be designated as Chairman by, and shall serve in the position of Chairman at the pleasure of, the President.</p> <p>"(e) The Commissioners shall by majority vote designate a Vice Chairman of the Commission. The Vice Chairman shall act as Chairman of the Commission in the absence of the Chairman.</p>	

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<p>"(e) The Commissioners shall serve for terms of 6 years.";</p> <p>(2) in subchapter I of chapter 36 (as in effect before the amendment made by section 201(c)), by striking the heading for such subchapter I and all that follows through section 3602; and</p> <p>(3) by redesignating sections 3603 and 3604 as sections 503 and 504, respectively, and transferring such sections to the end of chapter 5 (as inserted by paragraph (1)).</p> <p>(b) Determinations.--Section 503 of title 39, United States Code, as so redesignated by subsection (a)(3), is amended by adding at the end the following: "Such rules shall include procedures which balance, inter alia, the need for protecting due process rights and ensuring expeditious decision-making."</p> <p>(c) Applicability.--The amendment made by subsection (a)(1) shall not affect the appointment or tenure of any person serving as a Commissioner on the Postal Regulatory Commission (as so redesignated by section 504) pursuant to an appointment made before the date of the enactment of this Act or any nomination made before that date, but, when any such office becomes vacant, the appointment of any person to fill that office shall be made in accordance with such amendment.</p> <p>(d) Clerical Amendment.--The analysis for part I of title 39, United States Code, is amended by inserting after the item relating to chapter 4 the following:</p> <p>"5. Postal Regulatory Commission..... 501".</p>	<p>"(f) The Commissioners shall serve for terms of 6 years.";</p> <p>(2) by striking, in subchapter I of chapter 36 (as in effect before the amendment made by section 201(c)), the heading for such subchapter I and all that follows through section 3602;</p> <p>(3) by redesignating sections 3603 and 3604 as sections 503 and 504, respectively, and transferring such sections to the end of chapter 5 (as inserted by paragraph (1)); and</p> <p>[For HR 22 EAS § 601(a)(4), relating to the PRC consumer advocate, see HR 22 PCS § 505]</p> <p>(b) Applicability.--The amendment made by subsection (a)(1) shall not affect the appointment or tenure of any person serving as a Commissioner on the Postal Regulatory Commission (as so redesignated by section 604) under an appointment made before the date of enactment of this Act or any nomination made before that date, but, when any such office becomes vacant, the appointment of any person to fill that office shall be made in accordance with such amendment.</p> <p>(c) Clerical Amendment.--The analysis for part I of title 39, United States Code, is amended by inserting after the item relating to chapter 4 the following:</p> <p>"5. Postal Regulatory Commission..... 501"</p>	
<p>SEC. 502. AUTHORITY FOR POSTAL REGULATORY COMMISSION TO ISSUE SUBPOENAS.</p> <p>Section 504 of title 39, United States Code (as so redesignated by section 501) is amended by adding at the end the following:</p> <p>"(f)(1) Any Commissioner of the Postal Regulatory Commission, any administrative law judge appointed by the Commission under section 3105 of title 5, and any employee of the Commission designated by the Commission may administer oaths, examine witnesses, take depositions,</p>	<p>SEC. 602. AUTHORITY FOR POSTAL REGULATORY COMMISSION TO ISSUE SUBPOENAS.</p> <p>Section 504 of title 39, United States Code (as so redesignated by section 601) is amended by adding at the end the following:</p> <p>"(f)(1) Any Commissioner of the Postal Regulatory Commission, any administrative law judge appointed by the Commission under section 3105 of title 5, and any employee of the Commission designated by the Commission may administer oaths, examine witnesses, take depositions,</p>	

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<p>and receive evidence.</p> <p>"(2) The Chairman of the Commission, any Commissioner designated by the Chairman, and any administrative law judge appointed by the Commission under section 3105 of title 5 may, with respect to any proceeding conducted by the Commission under this title—</p> <p style="padding-left: 40px;">"(A) issue subpoenas requiring the attendance and presentation of testimony by, or the production of documentary or other evidence in the possession of, any covered person; and</p> <p style="padding-left: 40px;">"(B) order the taking of depositions and responses to written interrogatories by a covered person.</p> <p>The written concurrence of a majority of the Commissioners then holding office shall, with respect to each subpoena under subparagraph (A), be required in advance of its issuance.</p> <p>"(3) In the case of contumacy or failure to obey a subpoena issued under this subsection, upon application by the Commission, the district court of the United States for the district in which the person to whom the subpoena is addressed resides or is served may issue an order requiring such person to appear at any designated place to testify or produce documentary or other evidence. Any failure to obey the order of the court may be punished by the court as a contempt thereof.</p> <p>"(4) For purposes of this subsection, the term 'covered person' means an officer, employee, agent, or contractor of the Postal Service.</p> <p>"(g)(1) If the Postal Service determines that any document or other matter it provides to the Postal Regulatory Commission pursuant to a subpoena issued under subsection (f), or otherwise at the request of the Commission in connection with any proceeding or other purpose under this title, contains information which is described in section 410(c) of this title, or exempt from public disclosure under section 552(b) of title 5, the Postal Service shall, at the time of providing such matter to the Commission, notify the Commission, in writing, of its determination (and the reasons therefor).</p> <p>"(2) Except as provided in paragraph (3), no officer or employee of the Commission may, with respect to any information as to which the Commission has been notified under paragraph (1)--</p> <p style="padding-left: 40px;">"(A) use such information for purposes other than the purposes for which it is supplied; or</p> <p style="padding-left: 40px;">"(B) permit anyone who is not an officer or employee of the Commission to have access to any such information.</p> <p>"(3)(A) Paragraph (2) shall not prevent the Commission from publicly disclosing relevant information in furtherance of its duties under this title if the Commission has adopted regulations under section 553 of title 5 that establish a procedure for according</p>	<p>and receive evidence.</p> <p>"(2) The Chairman of the Commission, any Commissioner designated by the Chairman, and any administrative law judge appointed by the Commission under section 3105 of title 5 may, with respect to any proceeding conducted by the Commission under this title or to obtain information to be used to prepare a report under this title--</p> <p style="padding-left: 40px;">"(A) issue subpoenas requiring the attendance and presentation of testimony by, or the production of documentary or other evidence in the possession of, any covered person; and</p> <p style="padding-left: 40px;">"(B) order the taking of depositions and responses to written interrogatories by a covered person.</p> <p>The written concurrence of a majority of the Commissioners then holding office shall, with respect to each subpoena under subparagraph (A), be required in advance of its issuance.</p> <p>"(3) In the case of contumacy or failure to obey a subpoena issued under this subsection, upon application by the Commission, the district court of the United States for the district in which the person to whom the subpoena is addressed resides or is served may issue an order requiring such person to appear at any designated place to testify or produce documentary or other evidence. Any failure to obey the order of the court may be punished by the court as a contempt thereof.</p> <p>"(4) For purposes of this subsection, the term 'covered person' means an officer, employee, agent, or contractor of the Postal Service.</p> <p>"(g)(1) If the Postal Service determines that any document or other matter it provides to the Postal Regulatory Commission under a subpoena issued under subsection (f), or otherwise at the request of the Commission in connection with any proceeding or other purpose under this title, contains information which is described in section 410(c) of this title, or exempt from public disclosure under section 552(b) of title 5, the Postal Service shall, at the time of providing such matter to the Commission, notify the Commission, in writing, of its determination (and the reasons therefor).</p> <p>"(2) Except as provided in paragraph (3), no officer or employee of the Commission may, with respect to any information as to which the Commission has been notified under paragraph (1)--</p> <p style="padding-left: 40px;">"(A) use such information for purposes other than the purposes for which it is supplied; or</p> <p style="padding-left: 40px;">"(B) permit anyone who is not an officer or employee of the Commission to have access to any such information.</p> <p>"(3)(A) Paragraph (2) shall not prohibit the Commission from publicly disclosing relevant information in furtherance of its duties under this title, provided that the Commission has adopted regulations under section 553 of title 5, that</p>	

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<p>appropriate confidentiality to information identified by the Postal Service under paragraph (1). In determining the appropriate degree of confidentiality to be accorded information identified by the Postal Service under paragraph (1), the Commission shall balance the nature and extent of the likely commercial injury to the Postal Service against the public interest, as required by section 101(d) of this title for financial transparency of a government establishment.</p> <p>"(B) Paragraph (2) shall not prevent information from being furnished under any process of discovery established under this title in connection with a proceeding under this title. The Commission shall, by regulations based on rule 26(c) of the Federal Rules of Civil Procedure, establish procedures for ensuring appropriate confidentiality for any information furnished under the preceding sentence."</p>	<p>establish a procedure for according appropriate confidentiality to information identified by the Postal Service under paragraph (1). In determining the appropriate degree of confidentiality to be accorded information identified by the Postal Service under paragraph (1), the Commission shall balance the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets.</p> <p>"(B) Paragraph (2) shall not prevent the Commission from requiring production of information in the course of any discovery procedure established in connection with a proceeding under this title. The Commission shall, by regulations based on rule 26(c) of the Federal Rules of Civil Procedure, establish procedures for ensuring appropriate confidentiality for information furnished to any party."</p>	
<p>SEC. 503. APPROPRIATIONS FOR THE POSTAL REGULATORY COMMISSION.</p> <p>(a) Authorization of Appropriations.--Subsection (d) of section 504 of title 39, United States Code (as so redesignated by section 501) is amended to read as follows:</p> <p>"(d) There are authorized to be appropriated, out of the Postal Service Fund, such sums as may be necessary for the Postal Regulatory Commission. In requesting an appropriation under this subsection for a fiscal year, the Commission shall prepare and submit to the Congress under section 2009 a budget of the Commission's expenses, including expenses for facilities, supplies, compensation, and employee benefits."</p> <p>(b) Budget Program.--</p> <p>(1) In general.--The next to last sentence of section 2009 of title 39, United States Code, is amended to read as follows: "The budget program shall also include separate statements of the amounts which (1) the Postal Service requests to be appropriated under subsections (b) and (c) of section 2401, (2) the Office of Inspector General of the United States Postal Service requests to be appropriated, out of the Postal Service Fund, under section 8L(e) of the Inspector General Act of 1978, and (3) the Postal Regulatory Commission requests to be</p>	<p>SEC. 603. AUTHORIZATION OF APPROPRIATIONS FROM THE POSTAL SERVICE FUND.</p> <p>(a) Postal Regulatory Commission.--Subsection (d) of section 504 of title 39, United States Code (as so redesignated by section 601) is amended to read as follows:</p> <p>"(d) There are authorized to be appropriated, out of the Postal Service Fund, such sums as may be necessary for the Postal Regulatory Commission. In requesting an appropriation under this subsection for a fiscal year, the Commission shall prepare and submit to the Congress under section 2009 a budget of the Commission's expenses, including expenses for facilities, supplies, compensation, and employee benefits."</p> <p>[For HR 22 EAS § 603(b), see HR 22 PCS § 602]</p> <p>(c) Budget Program.--</p> <p>(1) In general.--The next to last sentence of section 2009 of title 39, United States Code, is amended to read as follows: "The budget program shall also include separate statements of the amounts which (1) the Postal Service requests to be appropriated under subsections (b) and (c) of section 2401, (2) the Office of Inspector General of the United States Postal Service requests to be appropriated, out of the Postal Service Fund, under section 8G(f) of the Inspector General Act of 1978, and (3) the Postal Regulatory Commission requests to be</p>	

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<p>appropriated, out of the Postal Service Fund, under section 504(d) of this title."</p> <p>(2) Conforming amendment.--Section 2003(e)(1) of title 39, United States Code, is amended by striking the first sentence and inserting the following: "The Fund shall be available for the payment of (A) all expenses incurred by the Postal Service in carrying out its functions as provided by law, subject to the same limitation as set forth in the parenthetical matter under subsection (a); (B) all expenses of the Postal Regulatory Commission, subject to the availability of amounts appropriated pursuant to section 504(d); and (C) all expenses of the Office of Inspector General, subject to the availability of amounts appropriated pursuant to section 8L(e) of the Inspector General Act of 1978."</p> <p>(c) Effective Date.--</p> <p>(1) In general.--The amendments made by this section shall apply with respect to fiscal years beginning on or after October 1, 2005.</p> <p>(2) Savings provision.--The provisions of title 39, United States Code, that are amended by this section shall, for purposes of any fiscal year before the first fiscal year to which the amendments made by this section apply, continue to apply in the same way as if this section had never been enacted.</p>	<p>appropriated, out of the Postal Service Fund, under section 504(d) of this title."</p> <p>(2) Conforming amendment.--Section 2003(e)(1) of title 39, United States Code, is amended by striking the first sentence and inserting the following: "The Fund shall be available for the payment of (A) all expenses incurred by the Postal Service in carrying out its functions as provided by law, subject to the same limitation as set forth in the parenthetical matter under subsection (a); (B) all expenses of the Postal Regulatory Commission, subject to the availability of amounts appropriated under section 504(d); and (C) all expenses of the Office of Inspector General, subject to the availability of amounts appropriated under section 8G(f) of the Inspector General Act of 1978."</p> <p>(d) Effective Date.--</p> <p>(1) In general.--The amendments made by this section shall apply with respect to fiscal years beginning on or after October 1, 2005.</p> <p>(2) Savings provision.--The provisions of title 39, United States Code, and the Inspector General Act of 1978 (5 U.S.C. App.) that are amended by this section shall, for purposes of any fiscal year before the first fiscal year to which the amendments made by this section apply, continue to apply in the same way as if this section had never been enacted.</p>	
<p>SEC. 504. REDESIGNATION OF THE POSTAL RATE COMMISSION.</p> <p>(a) Amendments to Title 39, United States Code.--Title 39, United States Code, is amended in sections 404, 503-504 (as so redesignated by section 501), 1001, and 1002 by striking "Postal Rate Commission" each place it appears and inserting "Postal Regulatory Commission".</p> <p>(b) Amendments to Title 5, United States Code.--Title 5, United States Code, is amended in sections 104(1), 306(f), 2104(b), 3371(3), 5314 (in the item relating to Chairman, Postal Rate Commission), 5315 (in the item relating to Members, Postal Rate Commission), 5514(a)(5)(B), 7342(a)(1)(A), 7511(a)(1)(B)(ii), 8402(c)(1), 8423(b)(1)(B), and 8474(c)(4) by striking "Postal Rate Commission" and inserting "Postal Regulatory Commission".</p> <p>(c) Amendment to the Ethics in Government Act of 1978.--Section</p>	<p>SEC. 604. REDESIGNATION OF THE POSTAL RATE COMMISSION.</p> <p>(a) Amendments to Title 39, United States Code.--Title 39, United States Code, is amended in sections 404, 503 and 504 (as so redesignated by section 601), 1001 and 1002, by striking "Postal Rate Commission" each place it appears and inserting "Postal Regulatory Commission";</p> <p>(b) Amendments to Title 5, United States Code.--Title 5, United States Code, is amended in sections 104(1), 306(f), 2104(b), 3371(3), 5314 (in the item relating to Chairman, Postal Rate Commission), 5315 (in the item relating to Members, Postal Rate Commission), 5514(a)(5)(B), 7342(a)(1)(A), 7511(a)(1)(B)(ii), 8402(c)(1), 8423(b)(1)(B), and 8474(c)(4) by striking "Postal Rate Commission" and inserting "Postal Regulatory Commission".</p> <p>(c) Amendment to the Ethics in Government Act of 1978.--Section</p>	

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<p>101(f)(6) of the Ethics in Government Act of 1978 (5 U.S.C. App.) is amended by striking "Postal Rate Commission" and inserting "Postal Regulatory Commission".</p> <p>(d) Amendment to the Rehabilitation Act of 1973.--Section 501(b) of the Rehabilitation Act of 1973 (29 U.S.C. 791(b)) is amended by striking "Postal Rate Office" and inserting "Postal Regulatory Commission".</p> <p>(e) Amendment to Title 44, United States Code.--Section 3502(5) of title 44, United States Code, is amended by striking "Postal Rate Commission" and inserting "Postal Regulatory Commission".</p> <p>(f) Other References.--Whenever a reference is made in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, document, or other record of the United States to the Postal Rate Commission, such reference shall be considered a reference to the Postal Regulatory Commission.</p>	<p>101(f)(6) of the Ethics in Government Act of 1978 (5 U.S.C. App.) is amended by striking "Postal Rate Commission" and inserting "Postal Regulatory Commission".</p> <p>(d) Amendment to the Rehabilitation Act of 1973.--Section 501(b) of the Rehabilitation Act of 1973 (29 U.S.C. 791(b)) is amended by striking "Postal Rate Office" and inserting "Postal Regulatory Commission".</p> <p>(e) Amendment to Title 44, United States Code.--Section 3502(5) of title 44, United States Code, is amended by striking "Postal Rate Commission" and inserting "Postal Regulatory Commission".</p> <p>(f) Other References.--Whenever a reference is made in any provision of law (other than this Act or a provision of law amended by this Act), regulation, rule, document, or other record of the United States to the Postal Rate Commission, such reference shall be considered a reference to the Postal Regulatory Commission.</p>	
<p>SEC. 505. OFFICER OF THE POSTAL REGULATORY COMMISSION REPRESENTING THE GENERAL PUBLIC.</p> <p>(a) In General.--Chapter 5 of title 39, United States Code (as added by this Act) is amended by adding after section 504 the following:</p> <p>"Sec. 505. Officer of the Postal Regulatory Commission representing the general public</p> <p>"The Postal Regulatory Commission shall designate an officer of the Postal Regulatory Commission in all public proceedings (such as developing rules, regulations, and procedures) who shall represent the interests of the general public."</p> <p>(b) Clerical Amendment.--The analysis for chapter 5 of title 39, United States Code (as amended by section 501(a)(1)) is amended by adding after the item relating to section 504 the following:</p> <p>"505. Officer of the Postal Regulatory Commission representing the general public."</p>	<p>[SEC. 601(a)(4). REORGANIZATION AND MODIFICATION OF CERTAIN PROVISIONS RELATING TO THE POSTAL REGULATORY COMMISSION.]</p> <p>(4) by adding after such section 504 the following:</p> <p>"Sec. 505. Officer of the Postal Regulatory Commission representing the general public</p> <p>"The Postal Regulatory Commission shall designate an officer of the Postal Regulatory Commission in all public proceedings who shall represent the interests of the general public."</p>	
	<p>[SEC. 605. FINANCIAL TRANSPARENCY] [See HR 22, section 103]</p>	

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TITLE VI--INSPECTORS GENERAL		
<p>SEC. 601. INSPECTOR GENERAL OF THE POSTAL REGULATORY COMMISSION.</p> <p>(a) In General.--Paragraph (2) of section 8G(a) of the Inspector General Act of 1978 is amended by inserting "the Postal Regulatory Commission," after "the United States International Trade Commission,".</p> <p>(b) Administration.--Section 504 of title 39, United States Code (as so redesignated by section 501) is amended by adding after subsection (g) (as added by section 502) the following:</p> <p>"(h)(1) Notwithstanding any other provision of this title or of the Inspector General Act of 1978, the authority to select, appoint, and employ officers and employees of the Office of Inspector General of the Postal Regulatory Commission, and to obtain any temporary or intermittent services of experts or consultants (or an organization of experts or consultants) for such Office, shall reside with the Inspector General of the Postal Regulatory Commission.</p> <p>"(2) Except as provided in paragraph (1), any exercise of authority under this subsection shall, to the extent practicable, be in conformance with the applicable laws and regulations that govern selections, appointments and employment, and the obtaining of any such temporary or intermittent services, within the Postal Regulatory Commission."</p> <p>(c) Deadline.--No later than 180 days after the date of the enactment of this Act--</p> <p>(1) the first Inspector General of the Postal Regulatory Commission shall be appointed; and</p> <p>(2) the Office of Inspector General of the Postal Regulatory Commission shall be established.</p>		
<p>SEC. 602. INSPECTOR GENERAL OF THE UNITED STATES POSTAL SERVICE TO BE APPOINTED BY THE PRESIDENT.</p> <p>(a) Definitional Amendments to the Inspector General Act of 1978.--Section 11 of the Inspector General Act of 1978 is amended--</p> <p>(1) in paragraph (1)--</p> <p>(A) by striking "or" before "the President of the Export-Import Bank;" and</p> <p>(B) by inserting "or the Governors of the United</p>	<p>[SEC. 603(b). AUTHORIZATION OF APPROPRIATIONS FROM THE POSTAL SERVICE FUND]</p>	

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<p>States Postal Service (within the meaning of section 102(3) of title 39, United States Code);" after "the President of the Export-Import Bank;"; and</p> <p>(2) in paragraph (2)--</p> <p>(A) by striking "or" before "the Export-Import Bank;"; and</p> <p>(B) by inserting "or the United States Postal Service," after "the Export-Import Bank,".</p> <p>(b) Special Provisions Concerning the United States Postal Service.--</p> <p>(1) In general.--The Inspector General Act of 1978 is amended by inserting after section 8K the following:</p> <p>"special provisions concerning the united states postal service</p> <p>"Sec. 8L. (a) In carrying out the duties and responsibilities specified in this Act, the Inspector General of the United States Postal Service shall have oversight responsibility for all activities of the Postal Inspection Service, including any internal investigation performed by the Postal Inspection Service. The Chief Postal Inspector shall promptly report any significant activities being carried out by the Postal Inspection Service to such Inspector General. The Postmaster General shall promptly report to such Inspector General all allegations of theft, fraud, or misconduct by Postal Service officers or employees, and entities or individuals doing business with the Postal Service.</p> <p>"(b) In the case of any report that the Governors of the United States Postal Service (within the meaning of section 102(3) of title 39, United States Code) are required to transmit under the second sentence of section 5(d), such sentence shall be applied by deeming the term 'appropriate committees of Congress' to mean the Committee on Government Reform of the House of Representatives, the Committee on Governmental Affairs of the Senate, and such other committees or subcommittees of Congress as may be appropriate.</p> <p>"(c) Notwithstanding any provision of paragraph (7) or (8) of section 6(a), the Inspector General of the United States Postal Service may select, appoint, and employ such officers and employees as may be necessary for carrying out the functions, powers, and duties of the Office of Inspector General and to obtain the temporary or intermittent services of experts or consultants or an organization of experts or consultants, subject to the applicable laws and regulations that govern such selections, appointments, and employment, and the obtaining of</p>		

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<p>such services, within the United States Postal Service.</p> <p>"(d) Nothing in this Act shall restrict, eliminate, or otherwise adversely affect any of the rights, privileges, or benefits of employees of the United States Postal Service, or labor organizations representing employees of the United States Postal Service, under chapter 12 of title 39, United States Code, the National Labor Relations Act, any handbook or manual affecting employee labor relations with the United States Postal Service, or any collective bargaining agreement.</p> <p>"(e) There are authorized to be appropriated, out of the Postal Service Fund, such sums as may be necessary for the Office of Inspector General of the United States Postal Service."</p> <p>(2) Related provisions.--For certain related provisions, see section 503(b).</p> <p>(c) Exercise of Certain Powers.--Section 6(e)(3) of the Inspector General Act of 1978 is amended--</p> <p>(1) by striking "and the" before "Tennessee Valley Authority"; and</p> <p>(2) by inserting ", and United States Postal Service" after "Tennessee Valley Authority".</p> <p>(d) Public Contracts.--</p> <p>(1) Additional provisions applicable.--Section 410(b)(5) of title 39, United States Code, is amended--</p> <p>(A) in subparagraph (A), by striking "and" after the semicolon; and</p> <p>(B) by adding after subparagraph (B) the following: "(C) the Anti-Kickback Act of 1986 (41 U.S.C. 51 and following), other than subsections (a) and (b) of 7 and section 8 of that Act; and "(D) section 315 of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 265) (relating to protecting contractor employees from reprisal for disclosure of certain information);".</p> <p>(2) Regulations on allowable costs.--Section 410 of title</p>	<p>(b) Office of Inspector General of the United States Postal Service.--Section 8G(f) of the Inspector General Act of 1978 (5 U.S.C. App.) is amended--</p> <p>(1) by redesignating paragraph (4) as paragraph (5);</p> <p>(2) by redesignating the second paragraph (3) (relating to employees and labor organizations) as paragraph (4); and</p> <p>(3) by adding at the end the following: "(6) There are authorized to be appropriated, out of the Postal Service Fund, such sums as may be necessary for the Office of Inspector General of the United States Postal Service."</p>	

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<p>39, United States Code, is amended by adding at the end the following:</p> <p>"(e) The Postal Service shall develop and issue purchasing regulations that prohibit contract costs not allowable under section 5.2.5 of the United States Postal Service Procurement Manual (Publication 41), as in effect on July 12, 1995."</p> <p>(e) Reports.--Section 3013 of title 39, United States Code, is amended by striking "Postmaster General" each place it appears and inserting "Chief Postal Inspector".</p> <p>(f) Technical and Conforming Amendments.--</p> <p>(1) Relating to the inspector general act of 1978.--(A) Subsection (a) of section 8G of the Inspector General Act of 1978 (as amended by section 601(a)) is further amended--</p> <p>(i) in paragraph (2), by striking "the Postal Regulatory Commission, and the United States Postal Service;" and inserting "and the Postal Regulatory Commission;" and</p> <p>(ii) in paragraph (4), by striking "except that" and all that follows through "Code);" and inserting "except that, with respect to the National Science Foundation, such term means the National Science Board;"</p> <p>(B)(i) Subsection (f) of section 8G of such Act is repealed.</p> <p>(ii) Subsection (c) of section 8G of such Act is amended by striking "Except as provided under subsection (f) of this section, the" and inserting "The".</p> <p>(C) Section 8J of such Act is amended by striking the matter after "8D," and before "of this Act" and inserting "8E, 8F, 8H, or 8L".</p> <p>(2) Relating to title 39, united states code.--(A) Subsection (e) of section 202 of title 39, United States Code, is repealed.</p> <p>(B) Paragraph (4) of section 102 of such title 39 (as amended by section 101) is amended to read as follows:</p> <p>"(4) 'Inspector General' means the Inspector General of the United States Postal Service, appointed under section 3(a) of the Inspector General Act of 1978;"</p> <p>(C) The first sentence of section 1003(a) of such title 39 is amended by striking "chapters 2 and 12 of this title, section 8G of the Inspector General Act of 1978, or other provision of law," and inserting "chapter 2 or 12 of this</p>		

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<p>title, subsection (b) or (c) of this section, or any other provision of law,".</p> <p>(D) Section 1003(b) of such title 39 is amended by striking "respective" and inserting "other".</p> <p>(E) Section 1003(c) of such title 39 is amended by striking "included" and inserting "includes".</p> <p>(3) Relating to the energy policy act of 1992.--Section 160(a) of the Energy Policy Act of 1992 (42 U.S.C. 8262f(a)) is amended (in the matter before paragraph (1)) by striking all that follows "(5 U.S.C. App.)" and before "shall--".</p> <p>(g) Effective Date; Transition Provisions.--</p> <p>(1) Effective date.--Except as provided in paragraph (2) or subsection (c) , this section and the amendments made by this section shall take effect on the date of the enactment of this Act.</p> <p>(2) Transition provisions.--</p> <p>(A) Presidential appointment authority available immediately.--The authority to appoint an Inspector General of the United States Postal Service in accordance with the amendments made by this section shall be available as of the effective date of this section.</p> <p>(B) Continuation in office.--Pending the appointment of an Inspector General of the United States Postal Service in accordance with the amendments made by this section, the individual serving as the Inspector General of the United States Postal Service on the day before the effective date of this section may continue to serve--</p> <p>(i) in accordance with applicable provisions of the Inspector General Act of 1978 and (except as provided in clause (ii)) of title 39, United States Code, as last in effect before the effective date of this Act; but</p> <p>(ii) subject to the provisions of such title 39 as amended by subsection (e) of this section (deeming any reference to the "Inspector General" in such provisions, as so amended, to refer to the individual continuing to serve under authority of this subparagraph) and subparagraph (C).</p> <p>(C) Authorization of appropriations.--</p> <p>(i) In general.--Notwithstanding any other</p>		

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<p>provision of this subsection, section 8L(e) of the Inspector General Act of 1978 (as amended by this section) shall be effective for purposes of fiscal years beginning on or after October 1, 2005.</p> <p>(ii) Savings provision.--For purposes of the fiscal year ending on September 30, 2005, funding for the Office of Inspector General of the United States Postal Service shall be made available in the same manner as if this Act had never been enacted.</p> <p>(D) Eligibility of prior inspector general.-- Nothing in this Act shall prevent any individual who has served as Inspector General of the United States Postal Service at any time before the date of the enactment of this Act from being appointed to that position pursuant to the amendments made by this section.</p>		
<p align="center">TITLE VII—EVALUATIONS</p>	<p align="center">TITLE VII--EVALUATIONS</p>	
	<p>[SEC. 701. ASSESSMENTS OF RATEMAKING, CLASSIFICATION, AND OTHER PROVISIONS]</p> <p>[See HR 22 PCS § 702]</p>	
<p>SEC. 701. UNIVERSAL POSTAL SERVICE STUDY.</p> <p>(a) Report by the Postal Service.--The United States Postal Service shall, within 12 months after the date of the enactment of this Act, submit to the President, the Congress, and the Postal Regulatory Commission, a written report on universal postal service in the United States (hereinafter in this section referred to as "universal service"). Such report shall include at least the following:</p> <p>(1) A comprehensive review of the history and development of universal service, including how the scope and standards of universal service have evolved over time.</p>	<p>SEC. 702. REPORT ON UNIVERSAL POSTAL SERVICE AND THE POSTAL MONOPOLY.</p> <p>(a) Report by the Postal Regulatory Commission.--</p> <p>(1) In general.--Not later than 24 months after the date of enactment of this Act, the Postal Regulatory Commission shall submit a report to the President and Congress on universal postal service and the postal monopoly in the United States (in this section referred to as "universal service and the postal monopoly"), including the monopoly on the delivery of mail and on access to mailboxes.</p> <p>(2) Contents.--The report under this subsection shall include--</p> <p>(A) a comprehensive review of the history and development of universal service and the postal monopoly, including how the scope and standards of</p>	

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<p>(2) The scope and standards of universal service provided under current law (including sections 101 and 403 of title 39, United States Code) and current rules, regulations, policy statements, and practices of the Postal Service.</p> <p>(3) A description of any geographic areas, populations, communities, organizations, or other groups or entities not currently covered by universal service or that are covered but that are receiving services deficient in scope or quality or both.</p> <p>(4) The scope and standards of universal service likely to be required in the future in order to meet the needs and expectations of the American public, including all types of mail users, based on such assumptions or alternative sets of assumptions as the Postal Service considers plausible.</p> <p>(5) Such recommendations as the Postal Service considers appropriate.</p> <p>(b) Report by the Postal Regulatory Commission.--The Postal Regulatory Commission shall, within 12 months after receiving the report of the Postal Service under subsection (a), submit to the President and the Congress a written report evaluating the report of the Postal Service. The report of the Commission shall include at least the following:</p> <p>(1) Such comments and observations relating to the matters addressed in the Postal Service's report as the Commission considers appropriate.</p> <p>(2) An estimate of the cost attributable to the obligation to provide universal service under prior and current law, respectively.</p> <p>(3) An estimate of the likely cost of fulfilling the obligation to provide universal service under--</p> <p>(A) the assumptions or respective sets of assumptions of the Postal Service described in subsection (a)(4); and</p> <p>(B) such other assumptions or sets of assumptions as the Commission considers plausible.</p> <p>(4) Such additional topics and recommendations as the Commission considers appropriate.</p>	<p>universal service and the postal monopoly have evolved over time for the Nation and its urban and rural areas;</p> <p>(B) the scope and standards of universal service and the postal monopoly provided under current law (including sections 101 and 403 of title 39, United States Code), and current rules, regulations, policy statements, and practices of the Postal Service;</p> <p>(C) a description of any geographic areas, populations, communities (including both urban and rural communities), organizations, or other groups or entities not currently covered by universal service or that are covered but that are receiving services deficient in scope or quality or both; and</p> <p>(D) the scope and standards of universal service and the postal monopoly likely to be required in the future in order to meet the needs and expectations of the United States public, including all types of mail users, based on discussion of such assumptions, alternative sets of assumptions, and analyses as the Postal Service considers plausible.</p> <p>(b) Recommended Changes to Universal Service and the Monopoly.--The Postal Regulatory Commission shall include in the report under subsection (a), and in all reports submitted under section 701 of this Act--</p> <p>(1) any recommended changes to universal service and the postal monopoly as the Commission considers appropriate, including changes that the Commission may implement under current law and changes that would require changes to current law, with estimated effects of the recommendations on the service, financial condition, rates, and security of mail provided by the Postal Service;</p> <p>(2) with respect to each recommended change described under paragraph (1)--</p> <p>(A) an estimate of the costs of the Postal Service attributable to the obligation to provide universal service under current law; and</p> <p>(B) an analysis of the likely benefit of the current postal monopoly to the ability of the Postal Service to sustain the current scope and standards of universal service, including estimates of the financial benefit of the postal monopoly to the extent practicable, under current law; and</p> <p>(3) such additional topics and recommendations as the</p>	

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<p>(c) Consultation.--In preparing the reports required by this section, the Postal Service and the Postal Regulatory Commission--</p> <p>(1) shall consult with each other, other Federal agencies, users of the mails, enterprises in the private sector engaged in the delivery of mail, and the general public; and</p> <p>(2) shall address in their respective reports any written comments received under this section.</p> <p>(d) Clarifying Provision.--Nothing in this section shall be considered to relate to any services that are not postal services (within the meaning of section 102 of title 39, United States Code, as amended by section 101).</p>	<p>Commission considers appropriate, with estimated effects of the recommendations on the service, financial condition, rates, and the security of mail provided by the Postal Service.</p>	
<p>SEC. 702. ASSESSMENTS OF RATEMAKING, CLASSIFICATION, AND OTHER PROVISIONS.</p> <p>(a) In General.--The Postal Regulatory Commission shall, at least every 5 years, submit a report to the President and the Congress concerning--</p> <p>(1) the operation of the amendments made by the Postal Accountability and Enhancement Act; and</p> <p>(2) recommendations for any legislation or other measures necessary to improve the effectiveness or efficiency of the postal laws of the United States.</p> <p>(b) Postal Service Views.--A report under this section shall be submitted only after reasonable opportunity has been afforded to the Postal Service to review such report and to submit written comments thereon. Any comments timely received from the Postal Service under the preceding sentence shall be attached to the report submitted under subsection (a).</p> <p>(c) Specific Information Required.--The Postal Regulatory Commission shall include, as part of at least its first report under subsection (a), the following:</p> <p>(1) Cost-coverage requirement relating to competitive products collectively.--With respect to section 3633 of title 39, United States Code (as amended by this Act)--</p> <p>(A) a description of how such section has operated; and</p> <p>(B) recommendations as to whether or not such</p>	<p>SEC. 701. ASSESSMENTS OF RATEMAKING, CLASSIFICATION, AND OTHER PROVISIONS</p> <p>(a) In General.--The Postal Regulatory Commission shall, at least every 3 years, submit a report to the President and Congress concerning--</p> <p>(1) the operation of the amendments made by this Act; and</p> <p>(2) recommendations for any legislation or other measures necessary to improve the effectiveness or efficiency of the postal laws of the United States.</p> <p>(b) Postal Service Views.--A report under this section shall be submitted only after reasonable opportunity has been afforded to the Postal Service to review the report and to submit written comments on the report. Any comments timely received from the Postal Service under the preceding sentence shall be attached to the report submitted under subsection (a).</p>	

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<p>section should remain in effect and, if so, any suggestions as to how it might be improved.</p> <p>(2) Competitive products fund.--With respect to the Postal Service Competitive Products Fund (under section 2011 of title 39, United States Code, as amended by section 301), in consultation with the Secretary of the Treasury--</p> <p>(A) a description of how such Fund has operated;</p> <p>(B) any suggestions as to how the operation of such Fund might be improved; and</p> <p>(C) a description and assessment of alternative accounting or financing mechanisms that might be used to achieve the objectives of such Fund.</p> <p>(3) Assumed federal income tax on competitive products fund.--With respect to section 3634 of title 39, United States Code (as amended by this Act), in consultation with the Secretary of the Treasury--</p> <p>(A) a description of how such section has operated; and</p> <p>(B) recommendations as to whether or not such section should remain in effect and, if so, any suggestions as to how it might be improved.</p>		
<p>SEC. 703. STUDY ON EQUAL APPLICATION OF LAWS TO COMPETITIVE PRODUCTS.</p> <p>(a) In General.--The Federal Trade Commission shall prepare and submit to the President, the Congress, and the Postal Regulatory Commission, within 1 year after the date of the enactment of this Act, a comprehensive report identifying Federal and State laws that apply differently to the United States Postal Service with respect to the competitive category of mail (within the meaning of section 102 of title 39, United States Code, as amended by section 101) and private companies providing similar products.</p> <p>(b) Recommendations; Adjustments.--The Federal Trade Commission shall include such recommendations as it considers appropriate for bringing such legal differences to an end and, in the interim, to account under section 3633,</p> <p>(c) Consultation.--In preparing its report, the Federal Trade Commission shall consult with the United States Postal Service, the Postal Regulatory Commission, other Federal agencies, mailers, private companies that provide delivery services, and the general public, and</p>	<p>SEC. 703. STUDY ON EQUAL APPLICATION OF LAWS TO COMPETITIVE PRODUCTS.</p> <p>(a) In General.--The Federal Trade Commission shall prepare and submit to the President and Congress, and to the Postal Regulatory Commission, within 1 year after the date of enactment of this Act, a comprehensive report identifying Federal and State laws that apply differently to the United States Postal Service with respect to the competitive category of mail (within the meaning of section 102 of title 39, United States Code, as amended by section 101) and similar products provided by private companies.</p> <p>(b) Recommendations.--The Federal Trade Commission shall include such recommendations as it considers appropriate for bringing such legal discrimination to an end, and in the interim, to account under section 3633 of title 39, United States Code (as added by this Act), for the net economic advantages provided by those laws.</p> <p>(c) Consultation.--In preparing its report, the Federal Trade Commission shall consult with the United States Postal Service, the Postal Regulatory Commission, other Federal agencies, mailers, private companies that provide delivery services, and the general public, and</p>	

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<p>shall append to such report any written comments received under this subsection.</p> <p>(d) Competitive Product Rate Regulation.--The Postal Regulatory Commission shall take into account the recommendations of the Federal Trade Commission, and subsequent events that affect the continuing validity of the estimate of the net economic effect, in promulgating or revising the regulations required by section 3633 of title 39, United States Code.</p>	<p>shall append to such report any written comments received under this subsection.</p> <p>(d) Competitive Product Regulation.--The Postal Regulatory Commission shall take into account the recommendations of the Federal Trade Commission in promulgating or revising the regulations required under section 3633 of title 39, United States Code.</p>	
<p>SEC. 704. GREATER DIVERSITY IN POSTAL SERVICE EXECUTIVE AND ADMINISTRATIVE SCHEDULE MANAGEMENT POSITIONS.</p> <p>(a) Study.--The Board of Governors shall study and, within 1 year after the date of the enactment of this Act, submit to the President and Congress a report concerning the extent to which women and minorities are represented in supervisory and management positions within the United States Postal Service. Any data included in the report shall be presented in the aggregate and by pay level.</p> <p>(b) Performance Evaluations.--The United States Postal Service shall, as soon as practicable, take such measures as may be necessary to ensure that, for purposes of conducting performance appraisals of supervisory or managerial employees, appropriate consideration shall be given to meeting affirmative action goals, achieving equal employment opportunity requirements, and implementation of plans designed to achieve greater diversity in the workforce.</p>	<p>[No provision in HR 22 EAS]</p>	
<p>[No provision in HR 22 PCS]</p>	<p>SEC. 704. REPORT ON POSTAL WORKPLACE SAFETY AND WORKPLACE-RELATED INJURIES.</p> <p>(a) Report by the Inspector General.--</p> <p>(1) In general.--Not later than 6 months after the enactment of this Act, the Inspector General of the United States Postal Service shall submit a report to Congress and the Postal Service that--</p> <p>(A) details and assesses any progress the Postal Service has made in improving workplace safety and reducing workplace-related injuries nationwide; and</p> <p>(B) identifies opportunities for improvement that remain with respect to such improvements and</p>	

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	<p>reductions.</p> <p>(2) Contents.--The report under this subsection shall also--</p> <p>(A) discuss any injury reduction goals established by the Postal Service;</p> <p>(B) describe the actions that the Postal Service has taken to improve workplace safety and reduce workplace-related injuries, and assess how successful the Postal Service has been in meeting its injury reduction goal; and</p> <p>(C) identify areas where the Postal Service has failed to meet its injury reduction goals, explain the reasons why these goals were not met, and identify opportunities for making further progress in meeting these goals.</p> <p>(b) Report by the Postal Service.--</p> <p>(1) Report to congress.--Not later than 6 months after receiving the report under subsection (a), the Postal Service shall submit a report to Congress detailing how it plans to improve workplace safety and reduce workplace-related injuries nationwide, including goals and metrics.</p> <p>(2) Problem areas.--The report under this subsection shall also include plans, developed in consultation with the Inspector General and employee representatives, including representatives of each postal labor union and management association, for addressing the problem areas identified by the Inspector General in the report under subsection (a)(2)(C).</p>	
<p>SEC. 705. PLAN FOR ASSISTING DISPLACED WORKERS.</p> <p>(a) Plan.--The United States Postal Service shall, before the deadline specified in subsection (b), develop and be prepared to implement, whenever necessary, a comprehensive plan under which reemployment assistance shall be afforded to employees displaced as a result of the automation or privatization of any of its functions.</p> <p>(b) Report.--Not later than 1 year after the date of the enactment of this Act, the United States Postal Service shall submit to the Board of Governors and to Congress a written report describing its plan under this section.</p>	<p>[See HR 22 EAS §302(e)]</p>	

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<p>[No provision in HR 22 PCS]</p>	<p>SEC. 705. STUDY ON RECYCLED PAPER.</p> <p>(a) In General.--Within 12 months after the date of enactment of this Act, the Government Accountability Office shall study and submit to the Congress, the Board of Governors of the Postal Service, and to the Postal Regulatory Commission a report concerning--</p> <p>(1) the economic and environmental efficacy of establishing rate incentives for mailers linked to the use of recycled paper;</p> <p>(2) a description of the accomplishments of the Postal Service in each of the preceding 5 years involving recycling activities, including the amount of annual revenue generated and savings achieved by the Postal Service as a result of its use of recycled paper and other recycled products and its efforts to recycle undeliverable and discarded mail and other materials; and</p> <p>(3) additional opportunities that may be available for the United States Postal Service to engage in recycling initiatives and the projected costs and revenues of undertaking such opportunities.</p> <p>(b) Recommendations.--The report shall include recommendations for any administrative or legislative actions that may be appropriate.</p>	
<p>SEC. 706. CONTRACTS WITH WOMEN, MINORITIES, AND SMALL BUSINESSES.</p> <p>The Board of Governors shall study and, within 1 year after the date of the enactment of this Act, submit to the President and the Congress a report concerning the number and value of contracts and subcontracts the Postal Service has entered into with women, minorities, and small businesses.</p>	<p>[No provision in HR 22 EAS]</p>	
<p>SEC. 707. RATES FOR PERIODICALS.</p> <p>(a) In General.--The United States Postal Service, acting jointly with the Postal Regulatory Commission, shall study and submit to the President and Congress a report concerning--</p> <p>(1) the quality, accuracy, and completeness of the information used by the Postal Service in determining the direct and indirect postal costs attributable to periodicals; and</p> <p>(2) any opportunities that might exist for improving efficiencies in the collection, handling, transportation, or</p>	<p>[No provision in HR 22 EAS]</p>	

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<p>delivery of periodicals by the Postal Service, including any pricing incentives for mailers that might be appropriate.</p> <p>(b) Recommendations.--The report shall include recommendations for any administrative action or legislation that might be appropriate.</p>		
<p>SEC. 708. ASSESSMENT OF CERTAIN RATE DEFICIENCIES.</p> <p>(a) In General.--Within 12 months after the date of the enactment of this Act, the Office of Inspector General of the United States Postal Service shall study and submit to the President, the Congress, and the United States Postal Service, a report concerning the administration of section 3626(k) of title 39, United States Code.</p> <p>(b) Specific Requirements.--The study and report shall specifically address the adequacy and fairness of the process by which assessments under section 3626(k) of title 39, United States Code, are determined and appealable, including--</p> <p>(1) whether the Postal Regulatory Commission or any other body outside the Postal Service should be assigned a role; and</p> <p>(2) whether a statute of limitations should be established for the commencement of proceedings by the Postal Service thereunder.</p>	<p>[No provision in HR 22 EAS]</p>	
<p>SEC. 709. NETWORK OPTIMIZATION.</p> <p>(a) In General.--The Postal Service shall, within 90 days after the end of each fiscal year, prepare and submit to the Postal Regulatory Commission, the Congress, and the Board of Governors a written report on the postal processing, transportation, and distribution networks. Such report shall include at least the following:</p> <p>(1) An account of actions taken during the preceding fiscal year to improve the efficiency and effectiveness of the processing, transportation, and distribution networks, while preserving the timely delivery of postal services.</p> <p>(2) An account of--</p> <p>(A) actions taken to identify any excess capacity within the processing, transportation, and distribution networks; and</p> <p>(B) actions taken to implement savings through realignment or consolidation of facilities.</p> <p>(3) Identification of statutory or regulatory obstacles that prevented or will prevent the Postal Service from taking action to realign or consolidate facilities.</p>	<p>[SEC. 302(c). POSTAL SERVICE PLAN]</p> <p>(c) Postal Facilities.--</p> <p>(1) Findings.--Congress finds that--</p> <p>(A) the Postal Service has more than 400 logistics facilities, separate from its post office network;</p> <p>(B) as noted by the President's Commission on the United States Postal Service, the Postal Service has more facilities than it needs and the streamlining of this distribution network can pave the way for the potential consolidation of sorting facilities and the elimination of excess costs;</p> <p>(C) the Postal Service has always revised its distribution network to meet changing conditions and is best suited to address its operational needs; and</p> <p>(D) Congress strongly encourages the Postal Service to--</p> <p>(i) expeditiously move forward in its streamlining efforts; and</p> <p>(ii) keep unions, management associations,</p>	

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<p>(4) Such additional topics and recommendations as the Postal Service considers appropriate.</p> <p>(b) Treatment as Performance Goals.--The Postal Service shall establish and report the matters set forth in subsection (a) as performance goals in the reports required by sections 2803 and 2804.</p> <p>(c) Actions To Be Taken.--The Postal Service shall take such actions it considers, in its sole discretion, necessary and appropriate to provide the Nation with a modern and efficient network for the processing, transportation, and distribution of mail. Nothing in this section shall prevent the Postal Service from making such improvements in the efficiency and effectiveness of the network as it deems appropriate.</p>	<p>and local elected officials informed as an essential part of this effort and abide by any procedural requirements contained in the national bargaining agreements.</p> <p>(2) In general.--The Postal Service plan shall include a description of--</p> <p>(A) the long-term vision of the Postal Service for rationalizing its infrastructure and workforce; and</p> <p>(B) how the Postal Service intends to implement that vision.</p> <p>(3) Content of facilities plan.--The plan under this subsection shall include--</p> <p>(A) a strategy for how the Postal Service intends to rationalize the postal facilities network and remove excess processing capacity and space from the network, including estimated timeframes, criteria, and processes to be used for making changes to the facilities network, and the process for engaging policy makers and the public in related decisions;</p> <p>(B) a discussion of what impact any facility changes may have on the postal workforce and whether the Postal Service has sufficient flexibility to make needed workforce changes;</p> <p>(C) an identification of anticipated costs, cost savings, and other benefits associated with the infrastructure rationalization alternatives discussed in the plan; and</p> <p>(D) procedures that the Postal Service will use to--</p> <p>(i) provide adequate public notice to communities potentially affected by a proposed rationalization decision;</p> <p>(ii) make available, upon request, any data, analyses, or other information considered by the Postal Service in making the proposed decision;</p> <p>(iii) afford affected persons ample opportunity to provide input on the proposed decision; and</p> <p>(iv) take such comments into account in making a final decision.</p> <p>(4) Annual reports.--</p> <p>(A) In general.--Not later than 90 days after the end of each fiscal year, the Postal Service shall</p>	

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	<p>prepare and submit a report to Congress on how postal decisions have impacted or will impact rationalization plans.</p> <p>(B) Contents.--Each report under this paragraph shall include--</p> <ul style="list-style-type: none"> (i) an account of actions taken during the preceding fiscal year to improve the efficiency and effectiveness of its processing, transportation, and distribution networks while preserving the timely delivery of postal services, including overall estimated costs and cost savings; (ii) an account of actions taken to identify any excess capacity within its processing, transportation, and distribution networks and implement savings through realignment or consolidation of facilities including overall estimated costs and cost savings; (iii) an estimate of how postal decisions related to mail changes, security, automation initiatives, worksharing, information technology systems, excess capacity, consolidating and closing facilities, and other areas will impact rationalization plans; (iv) identification of any statutory or regulatory obstacles that prevented or will prevent or hinder the Postal Service from taking action to realign or consolidate facilities; and (v) such additional topics and recommendations as the Postal Service considers appropriate. <p>(5) Existing efforts. -- Effective on the date of enactment of this Act, the Postal Service may not close or consolidate any processing or logistics facilities without using procedures for public notice and input consistent with those described under paragraph (3)(D).</p>	
<p>SEC. 710. ASSESSMENT OF FUTURE BUSINESS MODEL OF THE POSTAL SERVICE.</p> <p>(a) Appointment of Research Organization.--Not later than 90 days</p>		

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<p>after the date of the enactment of this Act, the Comptroller General of the United States shall appoint, in such manner and under such terms as he in his sole discretion determines appropriate, an independent, impartial, and expert research organization (hereinafter in this section referred to as the "research organization") to prepare and submit to the President and to Congress a comprehensive report that evaluates what business model would best promote an efficient, reliable, innovative, and viable Postal Service that can meet the needs of the Nation and its citizens in the 21st century. The final report required by this section shall be submitted within 27 months of the date of the enactment of this Act. The final report shall identify costs, benefits, and feasible options, if any, associated with one or more strategies for--</p> <ul style="list-style-type: none"> (1) maintaining the Postal Service in its current form as an independent establishment in the executive branch of the Government; and (2) transforming the Postal Service into an ordinary corporation, owned wholly by the Government, wholly by private shareholders, or partly by the Government and partly by private shareholders. <p>(b) Protection of Universal Service.--The research organization may include such recommendations as it considers appropriate with respect to how the Postal Service's business model can be maintained or transformed in an orderly manner that will minimize adverse effects on all interested parties and assure continued availability of affordable, universal postal service throughout the United States (based on the reports required by section 701). The research organization shall not consider any strategy or other course of action that would pose a significant risk to the continued availability of affordable, universal postal service throughout the United States.</p> <p>(c) Elements of Report.--</p> <ul style="list-style-type: none"> (1) Topics to address.--The report shall address at least the following: <ul style="list-style-type: none"> (A) Specification of nature and bases of one or more sets of reasonable assumptions about the development of the postal services market, to the extent that such assumptions may be necessary or appropriate for each strategy identified by the research organization. (B) Specification of the nature and bases of one or more sets of reasonable assumptions about the development of the regulatory framework for postal 		

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<p>services, to the extent that such assumptions may be necessary or appropriate for each strategy identified by the research organization.</p> <p>(C) Qualitative and, to the extent possible, quantitative effects that each strategy identified by the research organization may have on universal service generally, the Postal Service, mailers, postal employees, private companies that provide delivery services, and the general public.</p> <p>(D) Financial effects that each strategy identified by the research organization may have on the Postal Service, postal employees, the Treasury of the United States, and other affected parties, including the American mailing consumer.</p> <p>(E) Feasible and appropriate procedural steps and timetables for implementing each strategy identified by the research organization.</p> <p>(F) Such additional topics as the Comptroller General or the research organization shall consider necessary and appropriate.</p> <p>(2) Matters to consider.--For each strategy identified, the research organization shall assess how each business model might--</p> <p>(A) address the human-capital challenges facing the Postal Service, including how employee-management relations within the Postal Service may be improved;</p> <p>(B) optimize the postal infrastructure, including the best methods for providing retail services that ensure convenience and access to customers;</p> <p>(C) ensure the safety and security of the mail and of postal employees;</p> <p>(D) minimize areas of inefficiency or waste and improve operations involved in the collection, processing, or delivery of mail; and</p> <p>(E) impact other matters that the Comptroller General or the research organization determines are relevant to evaluating a viable long-term business model for the Postal Service.</p> <p>(3) Experiences of other countries.--In preparing the report required by subsection (a), the research organization shall comprehensively and quantitatively investigate the experiences of other industrialized countries that have transformed the national post office. The research organization shall undertake such original research as it deems necessary.</p>		

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<p>In each case, the research organization shall describe as fully as possible the costs and benefits of transformation of the national post office on all affected parties and shall identify any lessons that foreign experience may imply for each strategy identified by the research organization.</p> <p>(d) Outside experts.--In preparing its study, the research organization may retain the services of additional experts and consultants.</p> <p>(e) Consultation.--In preparing its report, the research organization shall consult fully with the Postal Service, the Postal Regulatory Commission, other Federal agencies, postal employee unions and management associations, mailers, private companies that provide delivery services, and the general public. The research organization shall include with its final report a copy of all formal written comments received under this subsection.</p> <p>(f) Authorization of Appropriations.--There are authorized to be appropriated from the Postal Service Fund such sums as may be necessary to carry out this section.</p>		
<p>SEC. 711. STUDY ON CERTAIN PROPOSED AMENDMENTS.</p> <p>The Government Accountability Office shall study and, within 12 months after the date of the enactment of this Act, submit to the Congress a report on sections 805 and 807 of H.R. 22 (109th Congress), as introduced. Such report shall include the following:</p> <p>(1) A description of the efficiencies of the current system under section 5402 of title 39, United States Code.</p> <p>(2) The potential for cost savings to the United States Postal Service if the Postal Service, rather than the Department of Transportation, were to administer international mail carriage.</p> <p>(3) The potential for harm to domestic air carriers and American workers currently employed by domestic air carriers.</p> <p>(4) The potential loss of revenue to domestic air carriers and American workers currently employed by domestic air carriers.</p> <p>(5) The process by which the United States Postal Service would administer any changes in current law.</p> <p>(6) The process by which the Department of Transportation administers current law.</p> <p>(7) The potential for change in protection of national security by carriage by foreign carriers of international mail</p>		

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to and from the United States.		
<p>SEC. 712. DEFINITION.</p> <p>For purposes of this title, the term "Board of Governors" has the meaning given such term by section 102 of title 39, United States Code.</p>		
<p>TITLE VIII--MISCELLANEOUS; TECHNICAL AND CONFORMING AMENDMENTS</p>		
<p>SEC. 801. EMPLOYMENT OF POSTAL POLICE OFFICERS.</p> <p>Section 3061 of title 18, United States Code, is amended by adding at the end the following:</p> <p>"(c)(1) The Postal Service may employ police officers for duty in connection with the protection of property owned or occupied by the Postal Service or under the charge and control of the Postal Service, and persons on the property, including duty in areas outside the property to the extent necessary to protect the property and persons on the property.</p> <p>"(2) With respect to such property, such officers shall have the power to--</p> <p>"(A) enforce Federal laws and regulations for the protection of persons and property;</p> <p>"(B) carry firearms; and</p> <p>"(C) make arrests without a warrant for any offense against the United States committed in the presence of the officer or for any felony cognizable under the laws of the United States if the officer has reasonable grounds to believe that the person to be arrested has committed or is committing a felony.</p> <p>"(3) With respect to such property, such officers may have, to such extent as the Postal Service may by regulations prescribe, the power to--</p> <p>"(A) serve warrants and subpoenas issued under the authority of the United States; and</p> <p>"(B) conduct investigations, on and off the property in question, of offenses that may have been committed against property owned or occupied by the Postal Service or persons on the property.</p> <p>"(4)(A) As to such property, the Postmaster General may prescribe</p>	<p>SEC. 1001. EMPLOYMENT OF POSTAL POLICE OFFICERS.</p> <p>Section 404 of title 39, United States Code (as amended by this Act), is further amended by adding at the end the following:</p> <p>"(d) The Postal Service may employ guards for all buildings and areas owned or occupied by the Postal Service or under the charge and control of the Postal Service, and may give such guards, with respect to such property, any of the powers of special policemen provided under section 1315 of title 40. The Postmaster General, or the designee of the Postmaster General, may take any action that the Secretary of Homeland Security may take under section 1315 of title 40, with respect to that property.</p>	

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<p>regulations necessary for the protection and administration of property owned or occupied by the Postal Service and persons on the property. The regulations may include reasonable penalties, within the limits prescribed in subparagraph (B), for violations of the regulations. The regulations shall be posted and remain posted in a conspicuous place on the property.</p> <p>"(B) A person violating a regulation prescribed under this subsection shall be fined under this title, imprisoned for not more than 30 days, or both."</p>		
<p>SEC. 802. DATE OF POSTMARK TO BE TREATED AS DATE OF APPEAL IN CONNECTION WITH THE CLOSING OR CONSOLIDATION OF POST OFFICES.</p> <p>(a) In General.--Section 404(b) of title 39, United States Code, is amended by adding at the end the following:</p> <p>"(6) For purposes of paragraph (5), any appeal received by the Commission shall--</p> <p style="padding-left: 2em;">"(A) if sent to the Commission through the mails, be considered to have been received on the date of the Postal Service postmark on the envelope or other cover in which such appeal is mailed; or</p> <p style="padding-left: 2em;">"(B) if otherwise lawfully delivered to the Commission, be considered to have been received on the date determined based on any appropriate documentation or other indicia (as determined under regulations of the Commission)."</p> <p>(b) Effective Date.--This section and the amendments made by this section shall apply with respect to any determination to close or consolidate a post office which is first made available, in accordance with paragraph (3) of section 404(b) of title 39, United States Code, after the end of the 3-month period beginning on the date of the enactment of this Act.</p>		
<p>SEC. 803. PROVISIONS RELATING TO BENEFITS UNDER CHAPTER 81 OF TITLE 5, UNITED STATES CODE, FOR OFFICERS AND EMPLOYEES OF THE FORMER POST OFFICE DEPARTMENT.</p> <p>(a) In General.--Section 8 of the Postal Reorganization Act (39 U.S.C. 1001 note) is amended by inserting "(a)" after "8." and by adding at the end the following:</p>		

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<p>"(b) For purposes of chapter 81 of title 5, United States Code, the Postal Service shall, with respect to any individual receiving benefits under such chapter as an officer or employee of the former Post Office Department, have the same authorities and responsibilities as it has with respect to an officer or employee of the Postal Service receiving such benefits."</p> <p>(b) Effective Date.--This section and the amendments made by this section shall be effective as of the first day of the fiscal year in which this Act is enacted.</p>		
<p>SEC. 804. OBSOLETE PROVISIONS.</p> <p>(a) Repeal.--</p> <p>(1) In general.--Chapter 52 of title 39, United States Code, is repealed.</p> <p>(2) Conforming amendments.--(A) Section 5005(a) of title 39, United States Code, is amended--</p> <p>(i) by striking paragraph (1), and by redesignating paragraphs (2) through (4) as paragraphs (1) through (3), respectively; and</p> <p>(ii) in paragraph (3) (as so designated by clause (i)), by striking "(as defined in section 5201(6) of this title)".</p> <p>(B) Section 5005(b) of such title 39 is amended by striking "(a)(4)" each place it appears and inserting "(a)(3)".</p> <p>(C) Section 5005(c) of such title 39 is amended by striking "by carrier or person under subsection (a)(1) of this section, by contract under subsection (a)(4) of this section, or" and inserting "by contract under subsection (a)(3) of this section or".</p> <p>(b) Eliminating Restriction on Length of Contracts.--(1) Section 5005(b)(1) of title 39, United States Code, is amended by striking "(or where the Postal Service determines that special conditions or the use of special equipment warrants, not in excess of 6 years)" and inserting "(or such longer period of time as may be determined by the Postal Service to be advisable or appropriate)".</p> <p>(2) Section 5402(d) of such title 39 is amended by striking "for a period of not more than 4 years".</p> <p>(3) Section 5605 of such title 39 is amended by striking "for periods of not in excess of 4 years".</p> <p>(c) Clerical Amendment.--The analysis for part V of title 39, United States Code, is amended by repealing the item relating to</p>	<p>SEC. 1002. OBSOLETE PROVISIONS.</p> <p>(a) Repeal.--</p> <p>(1) In general.--Chapter 52 of title 39, United States Code, is repealed.</p> <p>(2) Conforming amendments.--(A) Section 5005(a) of title 39, United States Code, is amended--</p> <p>(i) by striking paragraph (1), and by redesignating paragraphs (2) through (4) as paragraphs (1) through (3), respectively; and</p> <p>(ii) in paragraph (3) (as so designated by clause (i)), by striking "(as defined in section 5201(6) of this title)".</p> <p>(B) Section 5005(b) of such title 39 is amended by striking "(a)(4)" each place it appears and inserting "(a)(3)".</p> <p>(C) Section 5005(c) of such title 39 is amended by striking "by carrier or person under subsection (a)(1) of this section, by contract under subsection (a)(4) of this section, or" and inserting "by contract under subsection (a)(3) of this section or".</p> <p>(b) Eliminating Restriction on Length of Contracts.--(1) Section 5005(b)(1) of title 39, United States Code, is amended by striking "(or where the Postal Service determines that special conditions or the use of special equipment warrants, not in excess of 6 years)" and inserting "(or such longer period of time as may be determined by the Postal Service to be advisable or appropriate)".</p> <p>(2) Section 5402(d) of such title 39 is amended by striking "for a period of not more than 4 years".</p> <p>(3) Section 5605 of such title 39 is amended by striking "for periods of not in excess of 4 years".</p> <p>(c) Technical and Conforming Amendment.--The table of chapters for part V of title 39, United States Code, is amended by repealing the</p>	

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chapter 52.	item relating to chapter 52.	
<p>SEC. 805. INVESTMENTS.</p> <p>Subsection (c) of section 2003 of title 39, United States Code, is amended--</p> <p>(1) by striking "(c) If" and inserting "(c)(1) Except as provided in paragraph (2), if"; and</p> <p>(2) by adding at the end the following:</p> <p>"(2)(A) Nothing in this section shall be considered to authorize any investment in any obligations or securities of a commercial entity.</p> <p>"(B) For purposes of this paragraph, the term 'commercial entity' means any corporation, company, association, partnership, joint stock company, firm, society, or other similar entity, as further defined under regulations prescribed by the Postal Regulatory Commission."</p>		
<p>SEC. 806. REDUCED RATES.</p> <p>Section 3626 of title 39, United States Code, is amended--</p> <p>(1) in subsection (a), by striking all before paragraph (4) and inserting the following:</p> <p>"(a)(1) Except as otherwise provided in this section, rates of postage for a class of mail or kind of mailer under former section 4358, 4452(b), 4452(c), 4554(b), or 4554(c) of this title shall be established in accordance with section 3622.</p> <p>"(2) For the purpose of this subsection, the term 'regular-rate category' means any class of mail or kind of mailer, other than a class or kind referred to in section 2401(c).</p> <p>"(3) Rates of postage for a class of mail or kind of mailer under former section 4358(a) through (c) of this title shall be established so that postage on each mailing of such mail reflects its preferred status as compared to the postage for the most closely corresponding regular-rate category mailing.";</p> <p>(2) in subsection (g), by adding at the end the following:</p> <p>"(3) For purposes of this section and former section 4358(a) through (c) of this title, those copies of an issue of a publication entered within the county in which it is published, but distributed outside such county on postal carrier routes originating in the county of publication, shall be treated as if they were distributed within the county of publication.</p> <p>"(4)(A) In the case of an issue of a publication, any number of</p>	<p>SEC. 1003. REDUCED RATES.</p> <p>Section 3626 of title 39, United States Code, is amended--</p> <p>(1) in subsection (a), by striking all before paragraph (4) and inserting the following:</p> <p>"(a)(1) Except as otherwise provided in this section, rates of postage for a class of mail or kind of mailer under former section 4358, 4452(b), 4452(c), 4554(b), or 4554(c) of this title shall be established in accordance with section 3622.</p> <p>"(2) For the purpose of this subsection, the term 'regular-rate category' means any class of mail or kind of mailer, other than a class or kind referred to in section 2401(c).</p> <p>"(3) Rates of postage for a class of mail or kind of mailer under former section 4358(a) through (c) of this title shall be established so that postage on each mailing of such mail reflects its preferred status as compared to the postage for the most closely corresponding regular-rate category mailing.";</p> <p>(2) in subsection (g), by adding at the end the following:</p> <p>"(3) For purposes of this section and former section 4358(a) through (c) of this title, those copies of an issue of a publication entered within the county in which it is published, but distributed outside such county on postal carrier routes originating in the county of publication, shall be treated as if they were distributed within the county of publication.</p> <p>"(4)(A) In the case of an issue of a publication, any number of</p>	

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<p>copies of which are mailed at the rates of postage for a class of mail or kind of mailer under former section 4358(a) through (c) of this title, any copies of such issue which are distributed outside the county of publication (excluding any copies subject to paragraph (3)) shall be subject to rates of postage provided for under this paragraph.</p> <p>"(B) The rates of postage applicable to mail under this paragraph shall be established in accordance with section 3622.</p> <p>"(C) This paragraph shall not apply with respect to an issue of a publication unless the total paid circulation of such issue outside the county of publication (not counting recipients of copies subject to paragraph (3)) is less than 5,000."; and</p> <p>(3) by adding at the end the following:</p> <p>"(n) In the administration of this section, matter that satisfies the circulation standards for requester publications shall not be excluded from being mailed at the rates for mail under former section 4358 solely because such matter is designed primarily for free circulation or for circulation at nominal rates, or fails to meet the requirements of former section 4354(a)(5)."</p>	<p>copies of which are mailed at the rates of postage for a class of mail or kind of mailer under former section 4358(a) through (c) of this title, any copies of such issue which are distributed outside the county of publication (excluding any copies subject to paragraph (3)) shall be subject to rates of postage provided for under this paragraph.</p> <p>"(B) The rates of postage applicable to mail under this paragraph shall be established in accordance with section 3622.</p> <p>"(C) This paragraph shall not apply with respect to an issue of a publication unless the total paid circulation of such issue outside the county of publication (not counting recipients of copies subject to paragraph (3)) is less than 5,000."; and</p> <p>(3) by adding at the end the following:</p> <p>"(n) In the administration of this section, matter that satisfies the circulation standards for requester publications shall not be excluded from being mailed at the rates for mail under former section 4358 solely because such matter is designed primarily for free circulation or for circulation at nominal rates, or fails to meet the requirements of former section 4354(a)(5)."</p>	
<p>SEC. 807. HAZARDOUS MATTER.</p> <p>(a) Nonmailability Generally.--Section 3001 of title 39, United States Code, is amended--</p> <p>(1) by redesignating subsection (n) as subsection (o); and</p> <p>(2) by inserting after subsection (m) the following:</p> <p>"(n)(1) Except as otherwise authorized by law or regulations of the Postal Service, hazardous material is nonmailable.</p> <p>"(2) In this subsection, the term 'hazardous material' means a substance or material designated by the Secretary of Transportation under section 5103(a) of title 49."</p> <p>(b) Mailability.--Chapter 30 of title 39, United States Code, is amended by adding at the end the following:</p> <p>"Sec. 3018. Hazardous material</p> <p>"(a) In General.--The Postal Service shall prescribe regulations for the safe transportation of hazardous material in the mail.</p> <p>"(b) Prohibitions.--No person may--</p> <p>"(1) mail or cause to be mailed hazardous material that has been declared by statute or Postal Service regulation to be nonmailable;</p>		

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<p>"(2) mail or cause to be mailed hazardous material in violation of any statute or Postal Service regulation restricting the time, place, or manner in which hazardous material may be mailed; or</p> <p>"(3) manufacture, distribute, or sell any container, packaging kit, or similar device that--</p> <p style="padding-left: 40px;">"(A) is represented, marked, certified, or sold by such person for use in the mailing of hazardous material; and</p> <p style="padding-left: 40px;">"(B) fails to conform with any statute or Postal Service regulation setting forth standards for a container, packaging kit, or similar device used for the mailing of hazardous material.</p> <p>"(c) Civil Penalty; Clean-Up Costs and Damages.--</p> <p>"(1) In general.--A person who knowingly violates this section or a regulation prescribed under this section shall be liable for--</p> <p style="padding-left: 40px;">"(A) a civil penalty of at least \$250, but not more than \$100,000, for each violation;</p> <p style="padding-left: 40px;">"(B) the costs of any clean-up associated with each violation; and</p> <p style="padding-left: 40px;">"(C) damages.</p> <p>"(2) Knowing action.--A person acts knowingly for purposes of paragraph (1) when--</p> <p style="padding-left: 40px;">"(A) the person has actual knowledge of the facts giving rise to the violation; or</p> <p style="padding-left: 40px;">"(B) a reasonable person acting in the circumstances and exercising reasonable care would have had that knowledge.</p> <p>"(3) Separate violations.--</p> <p style="padding-left: 40px;">"(A) Violations over time.--A separate violation under this subsection occurs for each day hazardous material, mailed or caused to be mailed in noncompliance with this section, is in the mail.</p> <p style="padding-left: 40px;">"(B) Separate items.--A separate violation under this subsection occurs for each item containing hazardous material that is mailed or caused to be mailed in noncompliance with this section.</p> <p>"(d) Hearings.--The Postal Service may determine that a person has violated this section or a regulation prescribed under this section only after notice and an opportunity for a hearing. Proceedings under this section shall be conducted in accordance with section 3001(m).</p>		

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<p>"(e) Penalty Considerations.--In determining the amount of a civil penalty for a violation of this section, the Postal Service shall consider--</p> <p style="padding-left: 20px;">"(1) the nature, circumstances, extent, and gravity of the violation;</p> <p style="padding-left: 20px;">"(2) with respect to the person who committed the violation, the degree of culpability, any history of prior violations, the ability to pay, and any effect on the ability to continue in business;</p> <p style="padding-left: 20px;">"(3) the impact on Postal Service operations; and</p> <p style="padding-left: 20px;">"(4) any other matters that justice requires.</p> <p>"(f) Civil Actions To Collect.--</p> <p style="padding-left: 20px;">"(1) In general.--In accordance with section 409(d), a civil action may be commenced in an appropriate district court of the United States to collect a civil penalty, clean-up costs, and damages assessed under subsection (c).</p> <p style="padding-left: 20px;">"(2) Compromise.--The Postal Service may compromise the amount of a civil penalty, clean-up costs, and damages assessed under subsection (c) before commencing a civil action with respect to such civil penalty, clean-up costs, and damages under paragraph (1).</p> <p>"(g) Civil Judicial Penalties.--</p> <p style="padding-left: 20px;">"(1) In general.--At the request of the Postal Service, the Attorney General may bring a civil action in an appropriate district court of the United States to enforce this section or a regulation prescribed under this section.</p> <p style="padding-left: 20px;">"(2) Relief.--The court in a civil action under paragraph (1) may award appropriate relief, including a temporary or permanent injunction, civil penalties as determined in accordance with this section, or punitive damages.</p> <p style="padding-left: 20px;">"(3) Construction.--A civil action under this subsection shall be in lieu of civil penalties for the same violation under subsection (c)(1)(A).</p> <p>"(h) Deposit of Amounts Collected.--</p> <p style="padding-left: 20px;">"(1) Postal service fund.--Except as provided under paragraph (2), amounts collected under subsection (c)(1)(B) and (C) shall be deposited into the Postal Service Fund under section 2003.</p> <p style="padding-left: 20px;">"(2) Treasury.--Amounts collected under subsection (c)(1)(A) and any punitive damages collected under subsection (c)(1)(C) shall be deposited into the Treasury of the United</p>		

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<p>States."</p> <p>(c) Conforming Amendments.--(1) Section 2003(b) of title 39, United States Code, is amended--</p> <p>(A) in paragraph (7), by striking "and" after the semicolon;</p> <p>(B) in paragraph (8), by striking "purposes." and inserting "purposes; and"; and</p> <p>(C) by adding at the end the following:</p> <p>"(9) any amounts collected under section 3018."</p> <p>(2) The analysis for chapter 30 of title 39, United States Code, is amended by adding at the end the following:</p> <p>"3018. Hazardous material."</p> <p>(d) Injurious Articles as Nonmailable.--Section 1716(a) of title 18, United States Code, is amended by inserting after "explosives," the following: "hazardous materials,".</p>		
<p>SEC. 808. PROVISIONS RELATING TO COOPERATIVE MAILINGS.</p> <p>(a) Determination.--The Postal Regulatory Commission shall examine section E670.5.3 of the Domestic Mail Manual to determine whether it contains adequate safeguards to protect against (1) abuses of rates for nonprofit mail and (2) deception of consumers.</p> <p>(b) Regulations.--If the Postal Regulatory Commission determines that section E670.5.3 of the Domestic Mail Manual does not contain adequate safeguards as described in the preceding subsection, the Commission shall promulgate such regulations as may be necessary to ensure such safeguards.</p> <p>(c) Timing.--The Postal Regulatory Commission shall complete the examination required by subsection (a) and the promulgation of any necessary regulations required by subsection (b) within one year after the date of the enactment of this section.</p>		
<p>SEC. 809. TECHNICAL AND CONFORMING AMENDMENTS.</p> <p>(a) Reimbursement.--Section 3681 of title 39, United States Code, is amended by striking "section 3628" and inserting "sections 3662 through 3664".</p> <p>(b) Size and Weight Limits.--Section 3682 of title 39, United</p>		

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<p>States Code, is amended to read as follows:</p> <p>"Sec. 3682. Size and weight limits</p> <p>"The Postal Service may establish size and weight limitations for mail matter in the market-dominant category of mail consistent with regulations the Postal Regulatory Commission may prescribe under section 3622. The Postal Service may establish size and weight limitations for mail matter in the competitive category of mail consistent with its authority under section 3632."</p> <p>(c) Revenue Foregone, Etc.--Title 39, United States Code, is amended--</p> <p>(1) in section 503 (as so redesignated by section 501), by striking "this chapter." and inserting "this title."; and</p> <p>(2) in section 2401(d), by inserting "(as last in effect before enactment of the Postal Accountability and Enhancement Act)" after "3626(a)" and after "3626(a)(3)(B)(ii)".</p> <p>(d) Appropriations and Reporting Requirements.--</p> <p>(1) Appropriations.--Subsection (e) of section 2401 of title 39, United States Code, is amended--</p> <p>(A) by striking "Committee on Post Office and Civil Service" each place it appears and inserting "Committee on Government Reform"; and</p> <p>(B) by striking "Not later than March 15 of each year," and inserting "Each year,".</p> <p>(2) Reporting requirements.--Sections 2803(a) and 2804(a) of title 39, United States Code, are amended by striking "2401(g)" and inserting "2401(e)".</p>		
<p>(e) Authority to Fix Rates and Classes Generally; Requirement Relating to Letters Sealed Against Inspection.--Section 404 of title 39, United States Code (as amended by section 102) is further amended by redesignating subsections (b) and (c) as subsections (d) and (e), respectively, and by inserting after subsection (a) the following:</p> <p>"(b) Except as otherwise provided, the Governors are authorized to establish reasonable and equitable classes of mail and reasonable and equitable rates of postage and fees for postal services in accordance with the provisions of chapter 36. Postal rates and fees shall be reasonable and equitable and sufficient to enable the Postal Service, under best practices of honest, efficient, and economical management, to maintain and continue the development of postal services of the kind</p>		

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<p>and quality adapted to the needs of the United States.</p> <p>"(c) The Postal Service shall maintain one or more classes of mail for the transmission of letters sealed against inspection. The rate for each such class shall be uniform throughout the United States, its territories, and possessions. One such class shall provide for the most expeditious handling and transportation afforded mail matter by the Postal Service. No letter of such a class of domestic origin shall be opened except under authority of a search warrant authorized by law, or by an officer or employee of the Postal Service for the sole purpose of determining an address at which the letter can be delivered, or pursuant to the authorization of the addressee."</p> <p>(f) Limitations.--Section 3684 of title 39, United States Code, is amended by striking all that follows "any provision" and inserting "of this title."</p> <p>(g) Miscellaneous.--Title 39, United States Code, is amended--</p> <p>(1) in section 1005(d)(2)--</p> <p>(A) by striking "subsection (g) of section 5532,"; and</p> <p>(B) by striking "8344," and inserting "8344";</p> <p>(2) in the analysis for part III, by striking the item relating to chapter 28 and inserting the following: "28. Strategic Planning and Performance Management..... 2801";</p> <p>(3) in section 3005(a)--</p> <p>(A) in the matter before paragraph (1), by striking all that follows "nonmailable" and precedes "(h)," and inserting "under section 3001(d),"; and</p> <p>(B) in the sentence following paragraph (3), by striking all that follows "nonmailable" and precedes "(h)," and inserting "under such section 3001(d),";</p> <p>(4) in section 3210(a)(6)(C), by striking the matter after "if such mass mailing" and before "than 60 days" and inserting "is postmarked fewer"; and</p> <p>(5) by striking the heading for section 3627 and inserting the following: "Sec. 3627. Adjusting free rates".</p>		

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<p>TITLE IX--POSTAL PENSION FUNDING REFORM AMENDMENTS</p>	<p>TITLE VIII--POSTAL SERVICE RETIREMENT AND HEALTH BENEFITS FUNDING</p>	
	<p>SEC. 801. SHORT TITLE.</p> <p>This title may be cited as the "Postal Civil Service Retirement and Health Benefits Funding Amendments of 2004".</p>	
<p>SEC. 901. CIVIL SERVICE RETIREMENT SYSTEM.</p> <p>(a) Termination of Obligation to Pay Government Contributions.--Section 8334(a)(1)(B)(ii) of title 5, United States Code, is amended by striking all that follows "be equal to" and inserting "zero."</p> <p>(b) Determination and Disposition of Postal Surplus or Supplemental Liability.--Section 8348(h) of title 5, United States Code, is amended to read as follows:</p> <p>"(h)(1) For purposes of this subsection, a Postal surplus (or supplemental liability) is the amount, as estimated by the Office, by which--</p> <p>"(A) the actuarial present value of all future benefits which are payable from the Fund under this subchapter to current or former employees of the United States Postal Service, or their survivors, and attributable to civilian employment with the Postal Service, is less than (or greater than)</p> <p>"(B) the sum of--</p> <p>"(i) the actuarial present value of deductions to be withheld from the future basic pay of employees of the Postal Service currently subject to this subchapter pursuant to section 8334;</p> <p>"(ii) that portion of the Fund balance, as of the date such surplus or supplemental liability is determined, attributable to payments to the Fund by the Postal Service and its employees, plus the earnings on such amounts while in the Fund; and</p> <p>"(iii) any other appropriate amount, as determined by the Office in accordance with generally accepted actuarial practices and principles.</p>	<p>SEC. 802. CIVIL SERVICE RETIREMENT SYSTEM.</p> <p>(a) In General.--Chapter 83 of title 5, United States Code, is amended--</p> <p>(1) in section 8334(a)(1)(B), by striking clause (ii) and inserting the following:</p> <p>"(ii) In the case of an employee of the United States Postal Service, no amount shall be contributed under this subparagraph."; and</p> <p>(2) by amending section 8348(h) to read as follows:</p> <p>"(h)(1) In this subsection, the term 'Postal surplus or supplemental liability' means the estimated difference, as determined by the Office, between--</p> <p>"(A) the actuarial present value of all future benefits payable from the Fund under this subchapter to current or former employees of the United States Postal Service and attributable to civilian employment with the United States Postal Service; and</p> <p>"(B) the sum of--</p> <p>"(i) the actuarial present value of deductions to be withheld from the future basic pay of employees of the United States Postal Service currently subject to this subchapter under section 8334;</p> <p>"(ii) that portion of the Fund balance, as of the date the Postal surplus or supplemental liability is determined, attributable to payments to the Fund by the United States Postal Service and its employees, minus benefit payments attributable to civilian employment with the United States Postal Service, plus the earnings on such amounts while in the Fund; and</p> <p>"(iii) any other appropriate amount, as determined by the Office in accordance with generally accepted actuarial practices and principles.</p>	

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<p>"(2)(A)(i) Not later than June 15, 2006, the Office shall determine the Postal surplus or supplemental liability as of September 30, 2005.</p> <p>"(ii) If a supplemental liability is determined under this subparagraph for fiscal year 2005, the Office shall establish an amortization schedule, including a series of equal annual installments commencing September 30, 2006, which provides for the liquidation of such liability by September 30, 2043.</p> <p>"(iii) If a surplus is determined under this subparagraph for fiscal year 2005, the amount of the surplus shall be transferred to the Postal Service Retiree Health Benefits Fund by June 30, 2006.</p> <p>"(B)(i) For each of fiscal years 2006 through 2038, the Office shall determine the Postal surplus or supplemental liability as of the close of such fiscal year, with each such determination to be made by June 15th of the following fiscal year.</p> <p>"(ii) If a supplemental liability is determined under this subparagraph for a fiscal year, the Office shall establish an amortization schedule, including a series of equal annual installments commencing on September 30 of the following fiscal year, which provides for the liquidation of such liability by September 30, 2043.</p> <p>"(iii)(I) If a surplus of \$500,000,000 or more is determined under this subparagraph for a fiscal year, the amount of the surplus shall be transferred to the Postal Service Retiree Health Benefits Fund by June 30th of the following fiscal year.</p> <p>"(II) If a surplus of less than \$500,000,000 is determined under this subparagraph for a fiscal year, the surplus shall remain in the Fund, subject to transfer in a subsequent fiscal year under subclause (I) or subparagraph (C)(iii).</p> <p>"(C)(i) Not later than June 15, 2040, the Office shall determine the Postal surplus or supplemental liability as of September 30, 2039.</p> <p>"(ii) If a supplemental liability is determined under this subparagraph for fiscal year 2039, the Office shall establish an amortization schedule, including a series of equal annual installments commencing September 30, 2040, which provides for the liquidation of such liability by September 30, 2043.</p> <p>"(iii) If a surplus is determined under this subparagraph for fiscal year 2039, the amount of the surplus--</p> <p style="padding-left: 40px;">"(I) shall be applied first toward reducing the amount of any supplemental liability described in section 8423(b)(1)(B); and</p> <p style="padding-left: 40px;">"(II) to the extent that any portion of such surplus remains after the application of subclause (I), shall, not later than June 30, 2040, be transferred to the Postal Service Retiree Health Benefits Fund.</p>	<p>"(2)(A) Not later than June 15, 2006, the Office shall determine the Postal surplus or supplemental liability, as of September 30, 2005. If that result is a surplus, the amount of the surplus shall be transferred to the Postal Service Retiree Health Benefits Fund established under section 8909a by June 30, 2006. If the result is a supplemental liability, the Office shall establish an amortization schedule, including a series of annual installments commencing September 30, 2006, which provides for the liquidation of such liability by September 30, 2043.</p> <p>"(B) The Office shall redetermine the Postal surplus or supplemental liability as of the close of the fiscal year, for each fiscal year beginning after September 30, 2006, through the fiscal year ending September 30, 2038. If the result is a surplus, that amount shall remain in the Fund until distribution is authorized under subparagraph (C), and any prior amortization schedule for payments shall be terminated. If the result is a supplemental liability, the Office shall establish a new amortization schedule, including a series of annual installments commencing on September 30 of the subsequent fiscal year, which provides for the liquidation of such liability by September 30, 2043.</p> <p>"(C) As of the close of the fiscal years ending September 30, 2015, 2025, 2035, and 2039, if the result is a surplus, that amount shall be transferred to the Postal Service Retiree Health Benefits Fund, and any prior amortization schedule for payments shall be terminated.</p>	

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<p>"(D) An amortization schedule under this paragraph--</p> <p>"(i) shall be established in accordance with generally accepted actuarial practices and principles, with interest computed at the rate used in the most recent valuation of the Civil Service Retirement System;</p> <p>"(ii) shall supersede any amortization schedule previously established under this paragraph; and</p> <p>"(iii) shall not be taken into account, for purposes of any determination of Postal surplus or supplemental liability, except to the extent of any amounts under such schedule actually paid.</p> <p>"(E)(i) The Postal Service shall pay to the Office the amounts due under any amortization schedule established under this paragraph, to the extent not superseded or canceled.</p> <p>"(ii) A determination under subparagraph (B)(i) or (C)(i) that no supplemental liability exists shall cancel any amortization schedule previously established under this paragraph, to the extent of any amounts first coming due after the close of the fiscal year to which such determination relates.</p> <p>"(3) Notwithstanding any other provision of law, in computing the amount of any payment under any other subsection of this section that is based on the amount of the unfunded liability, such payment shall be computed disregarding that portion of the unfunded liability that the Office determines will be liquidated by payments under this subsection.</p> <p>"(4) As used in this subsection, 'Postal Service Retiree Health Benefits Fund' refers to the Postal Service Retiree Health Benefits Fund, as established by section 8909a."</p> <p>(c) Provisions Relating to Amounts for Military Service.--In the application of paragraph (2) of section 8348(g) of title 5, United States Code, for fiscal year 2006, the Office of Personnel Management shall include, in addition to the amount otherwise computed under that paragraph, the amounts that would have been included for fiscal years 2003 through 2005 with respect to credit for military service of former employees of the United States Postal Service if Public Law 108-18 had not been enacted (including earnings thereon) and the Secretary of the Treasury shall make the required transfer to the Civil Service Retirement and Disability Fund based on that amount.</p> <p>(d) Review.--</p> <p>(1) In general.--Notwithstanding any other provision of this section, any determination or redetermination made by the Office of Personnel Management under this section shall, upon</p>	<p>"(D) Amortization schedules established under this paragraph shall be set in accordance with generally accepted actuarial practices and principles, with interest computed at the rate used in the most recent valuation of the Civil Service Retirement System.</p> <p>"(E) The United States Postal Service shall pay the amounts so determined to the Office, with payments due not later than the date scheduled by the Office.</p> <p>"(3) Notwithstanding any other provision of law, in computing the amount of any payment under any other subsection of this section that is based upon the amount of the unfunded liability, such payment shall be computed disregarding that portion of the unfunded liability that the Office determines will be liquidated by payments under this subsection."</p>	

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<p>request of the United States Postal Service, be subject to review by the Postal Regulatory Commission. The Commission shall submit a report containing the results of any such review to the Postal Service, the Office of Personnel Management, and the Congress.</p> <p>(2) Response.--Upon receiving the report of the Postal Regulatory Commission, the Office of Personnel Management shall reconsider its determination or redetermination in light of such report, and shall make any appropriate adjustments. The Office shall submit a report containing the results of its reconsideration to the Commission, the Postal Service, and the Congress.</p>	<p>(b) Credit Allowed for Military Service.--In the application of section 8348(g)(2) of title 5, United States Code, for the fiscal year 2006, the Office of Personnel Management shall include, in addition to the amount otherwise computed under that paragraph, the amounts that would have been included for the fiscal years 2003 through 2005 with respect to credit for military service of former employees of the United States Postal Service as though the Postal Civil Service Retirement System Funding Reform Act of 2003 (Public Law 108-18) had not been enacted, and the Secretary of the Treasury shall make the required transfer to the Civil Service Retirement and Disability Fund based on that amount.</p> <p>(c) Review.--</p> <p>(1) In general.--</p> <p>(A) Request for review.--Notwithstanding any other provision of this section (including any amendment made by this section), any determination or redetermination made by the Office of Personnel Management under this section (including any amendment made by this section) shall, upon request of the United States Postal Service, be subject to a review by the Postal Regulatory Commission under this subsection.</p> <p>(B) Report.--Upon receiving a request under subparagraph (A), the Commission shall promptly procure the services of an actuary, who shall hold membership in the American Academy of Actuaries and shall be qualified in the evaluation of pension obligations, to conduct a review in accordance with generally accepted actuarial practices and principles and to provide a report to the Commission containing the results of the review. The Commission, upon determining that the report satisfies the requirements of this paragraph,</p>	

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	<p>shall approve the report, with any comments it may choose to make, and submit it with any such comments to the Postal Service, the Office of Personnel Management, and Congress.</p> <p>(2) Reconsideration.--Upon receiving the report from the Commission under paragraph (1), the Office of Personnel Management shall reconsider its determination or redetermination in light of such report, and shall make any appropriate adjustments. The Office shall submit a report containing the results of its reconsideration to the Commission, the Postal Service, and Congress.</p>	
<p>SEC. 902. HEALTH INSURANCE.</p> <p>(a) In General.--Chapter 89 of title 5, United States Code, is amended--</p> <p>(1) in section 8906(g)(2)(A), by striking "by the United States Postal Service." and inserting "first from the Postal Service Retiree Health Benefits Fund up to the amount contained therein, with any remaining amount paid by the United States Postal Service.";</p> <p>(2) by inserting after section 8909 the following:</p> <p>"Sec. 8909a. Postal Service Retiree Health Benefits Fund</p> <p>"(a) There is in the Treasury of the United States a Postal Service Retiree Health Benefits Fund (hereinafter in this section referred to as the 'Fund') which is administered by the Office of Personnel Management. Any amounts transferred to the Fund under section 8348(h)(2) shall yield interest at a rate equal to the weighted average yield of all the investments in the Civil Service Retirement and Disability Fund as of the date of transfer. All other investments of amounts in the Fund shall be made in accordance with subsections (c)-(e) of section 8348.</p> <p>"(b) The Fund is available without fiscal year limitation for payments required by section 8906(g)(2).</p>	<p>SEC. 803. HEALTH INSURANCE.</p> <p>(a) In General.--</p> <p>(1) Funding.--Chapter 89 of title 5, United States Code, is amended--</p> <p>(A) in section 8906(g)(2)(A), by striking "shall be paid by the United States Postal Service." and inserting "shall be paid first from the Postal Service Retiree Health Benefits Fund up to the amount contained in the Fund, with any remaining amount paid by the United States Postal Service."; and</p> <p>(B) by inserting after section 8909 the following:</p> <p>"Sec. 8909a. Postal Service Retiree Health Benefit Fund</p> <p>"(a) There is in the Treasury of the United States a Postal Service Retiree Health Benefits Fund which is administered by the Office of Personnel Management.</p> <p>"(b) The Fund is available without fiscal year limitation for payments required under section 8906(g)(2)(A).</p> <p>"(c) The Secretary of the Treasury shall immediately invest, in interest-bearing securities of the United States such currently available portions of the Fund as are not immediately required for payments from the Fund. Such investments shall be made in the same</p>	

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<p>"(c)(1) Not later than June 30, 2006, and by June 30 of each succeeding year, the Office of Personnel Management shall compute the net present value of the excess of future payments required by section 8906(g)(2)(A) for current and future United States Postal Service annuitants over the value of the assets of the Fund as of the end of the fiscal year ending on September 30 of that year. The actuarial costing method to be used by the Office and all actuarial assumptions shall be established by the Office after consultation with the United States Postal Service and must be in accordance with generally accepted actuarial practices and principles.</p> <p>"(2) Not later than September 30, 2006, and by September 30 of each succeeding year, the Office shall compute and the United States Postal Service shall pay into such Fund--</p> <p>"(A) the portion of the net present value described in paragraph (1) attributable to the current year's service of Postal Service employees; and</p> <p>"(B) interest on the net present value described in paragraph (1) for that fiscal year, at the interest rate used in computing that net present value;</p> <p>except that the amount otherwise payable by the Postal Service under the preceding provisions of this paragraph by not later than September 30, 2006, shall be reduced by the total contributions made by the Postal Service under section 8906(g)(2) and attributable to fiscal year 2006 (as determined by the Office).</p> <p>"(3)(A) Any computation or other determination of the Office under this subsection shall, upon request of the Postal Service, be subject to review by the Postal Regulatory Commission. The Commission shall submit a report containing the results of any such review to the Postal Service, the Office of Personnel Management, and the Congress.</p> <p>"(B) Upon receiving the report of the Postal Regulatory</p>	<p>manner as investments for the Civil Service Retirement and Disability Fund under section 8348.</p> <p>"(d)(1) Not later than June 30, 2006, and by June 30 of each succeeding year, the Office shall compute the net present value of the future payments required under section 8906(g)(2)(A) and attributable to the service of Postal Service employees during the most recently ended fiscal year.</p> <p>"(2)(A) Not later than June 30, 2006, the Office shall compute, and by June 30 of each succeeding year, the Office shall recompute the difference between--</p> <p>"(i) the net present value of the excess of future payments required under section 8906(g)(2)(A) for current and future United States Postal Service annuitants as of the end of the fiscal year ending on September 30 of that year; and</p> <p>"(ii)(I) the value of the assets of the Postal Retiree Health Benefits Fund as of the end of the fiscal year ending on September 30 of that year; and</p> <p>"(II) the net present value computed under paragraph (1).</p> <p>"(B) Not later than June 30, 2006, the Office shall compute, and by June 30 of each succeeding year shall recompute, an amortization schedule including a series of annual installments which provide for the liquidation by September 30, 2045, or within 15 years, whichever is later, of the net present value determined under subparagraph (A), including interest at the rate used in that computation.</p> <p>"(3) Not later than September 30, 2006, and by September 30 of each succeeding year, the United States Postal Service shall pay into such Fund--</p> <p>"(A) the net present value computed under paragraph (1); and</p> <p>"(B) the annual installment computed under paragraph (2)(B).</p> <p>"(4) Computations under this subsection shall be made consistent with the assumptions and methodology used by the Office for financial reporting under subchapter II of chapter 35 of title 31.</p> <p>"(5)(A)(i) Any computation or other determination of the Office under this subsection shall, upon request of the United States Postal Service, be subject to a review by the Postal Regulatory Commission under this paragraph.</p> <p>"(ii) Upon receiving a request under clause (i), the Commission shall promptly procure the services of an actuary, who shall hold</p>	

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<p>Commission, the Office of Personnel Management shall reconsider its computation or other determination in light of such report, and shall make any appropriate adjustments. The Office shall submit a report containing the results of its reconsideration to the Commission, the Postal Service, and the Congress.</p> <p>"(4) The Office shall promulgate, after consultation with the United States Postal Service, any regulations it deems necessary under this subsection."; and</p> <p>(3) in the analysis by inserting after the item relating to section 8909 the following: "8909a. Postal Service Retiree Health Benefits Fund."</p> <p>(b) Review.--</p> <p>(1) In general.--Any regulation established under section 8909a(c)(4) of title 5, United States Code (as amended by subsection (a)) shall, upon request of the Postal Service, be subject to review by the Postal Regulatory Commission. The Commission shall submit a report containing the results of any such review to the Postal Service, the Office of Personnel Management, and the Congress.</p> <p>(2) Response.--Upon receiving the report of the Postal Regulatory Commission, the Office of Personnel Management shall reconsider its regulation in light of such report, and shall take such action as it considers appropriate. The Office shall submit a report containing the results of its reconsideration to the Commission, the Postal Service, and the Congress.</p>	<p>membership in the American Academy of Actuaries and shall be qualified in the evaluation of healthcare insurance obligations, to conduct a review in accordance with generally accepted actuarial practices and principles and to provide a report to the Commission containing the results of the review. The Commission, upon determining that the report satisfies the requirements of this subparagraph, shall approve the report, with any comments it may choose to make, and submit it with any such comments to the Postal Service, the Office of Personnel Management, and Congress.</p> <p>"(B) Upon receiving the report under subparagraph (A), the Office of Personnel Management shall reconsider its determination or redetermination in light of such report, and shall make any appropriate adjustments. The Office shall submit a report containing the results of its reconsideration to the Commission, the Postal Service, and Congress.</p> <p>"(6) After consultation with the United States Postal Service, the Office shall promulgate any regulations the Office determines necessary under this subsection."</p> <p>(2) Technical and conforming amendment.--The table of sections for chapter 89 of title 5, United States Code, is amended by inserting after the item relating to section 8909 the following: "8909a. Postal Service Retiree Health Benefits Fund."</p> <p>(b) Review.--</p> <p>(1) In general.--</p> <p>(A) Request for review.--Any regulation established under section 8909a(d)(5) of title 5, United States Code (as added by subsection (a)), shall, upon request of the United States Postal Service, be subject to a review by the Postal Regulatory Commission under this paragraph.</p> <p>(B) Report.--Upon receiving a request under subparagraph (A), the Commission shall promptly procure the services of an actuary, who shall hold membership in the American Academy of Actuaries and shall be qualified in the evaluation of healthcare insurance obligations, to conduct a review in accordance with generally accepted actuarial practices and principles and to provide a report to the Commission containing the results of the review. The Commission, upon determining that the report satisfies the requirements of this paragraph, shall approve the report, with any comments it may choose to make, and submit it with any</p>	

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	<p>such comments to the Postal Service, the Office of Personnel Management, and Congress.</p> <p>(2) Reconsideration.--Upon receiving the report under paragraph (1), the Office of Personnel Management shall reconsider its determination or redetermination in light of such report, and shall make any appropriate adjustments. The Office shall submit a report containing the results of its reconsideration to the Commission, the Postal Service, and Congress.</p> <p>(c) Transitional Adjustment for Fiscal Year 2006.--For fiscal year 2006, the amounts paid by the Postal Service in Government contributions under section 8906(g)(2)(A) of title 5, United States Code, for fiscal year 2006 contributions shall be deducted from the initial payment otherwise due from the Postal Service to the Postal Service Retiree Health Benefits Fund under section 8909a(d)(3) of such title as added by this section.</p>	
<p>SEC. 903. REPEALER.</p> <p>Section 3 of Public Law 108-18 is repealed.</p>	<p>SEC. 804. REPEAL OF DISPOSITION OF SAVINGS PROVISION.</p> <p>Section 3 of the Postal Civil Service Retirement System Funding Reform Act of 2003 (Public Law 108-18) is repealed.</p>	
<p>SEC. 904. ENSURING APPROPRIATE USE OF ESCROW AND MILITARY SAVINGS.</p> <p>(a) Definition.--For purposes of this section, the term "total savings" means, for any fiscal year, the amount equal to--</p> <p>(1) the amount of contributions that the Postal Service would otherwise have been required to make to the Civil Service Retirement and Disability Fund under subchapter III of chapter 83 of title 5, United States Code, for such fiscal year if Public Law 108-18 and this Act had not been enacted, minus</p> <p>(2) the amount of amortization payments (if any) required under section 8348(h)(2) of title 5, United States Code, for such fiscal year.</p> <p>(b) Calculations.--The following calculations shall be made for each of fiscal years 2006 through 2015:</p> <p>(1) Not later than January 31 of the fiscal year following the fiscal year involved, the Office of Personnel Management (in consultation with the Postal Service) shall determine the total savings for the fiscal year.</p>		

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<p>(2) On the date of making its determination under paragraph (1), the Office shall also determine (in consultation with the Postal Service) the amount by which--</p> <p>(A) the amount the Postal Service paid for that fiscal year into the Postal Service Retiree Health Benefits Fund in accordance with 8909a(c)(2) of title 5, United States Code, exceeds (if at all)</p> <p>(B) the amount of payments made by the Postal Service for that fiscal year from such Fund in order to satisfy the requirements of section 8906(g)(2) of such title 5.</p> <p>(c) Requirements.--</p> <p>(1) If threshold is met.--If the amount calculated under subsection (b)(2) for a fiscal year is greater than or equal to two-thirds of the total savings in such fiscal year, no further action under this section is necessary with respect to such fiscal year.</p> <p>(2) If threshold is not met.--</p> <p>(A) In general.--If the amount calculated under subsection (b)(2) for a fiscal year is less than two-thirds of the total savings in such fiscal year, the Postal Service shall pay into the Postal Service Retiree Health Benefits Fund, by June 30 of the following fiscal year, an amount equal to the difference.</p> <p>(B) Allowable alternative.--</p> <p>(i) In general.--Notwithstanding subparagraph (A), and subject to clause (ii), the Postal Service may instead use the amount that it would otherwise be required to pay into the Postal Service Retiree Health Benefits Fund for a year (or any portion thereof) to reduce the postal debt.</p> <p>(ii) Limitation.--Amounts used to reduce the postal debt under this subparagraph may not exceed a total of \$3,000,000,000.</p> <p>(3) Aggregation allowed.--Notwithstanding paragraph (2), if the amount calculated under subsection (b)(2) for a fiscal year is less than two-thirds of the total savings in such fiscal year, but the sum of the amounts calculated under subsection (b)(2) for all fiscal years from 2006 to the fiscal year involved is greater than or equal to two-thirds of the sum of the total savings for such years, no further action under this</p>		

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<p>section is necessary with respect to such fiscal year.</p> <p>(d) Reporting Requirement.--The Office of Personnel Management shall submit a report containing the results of its calculations under subsection (b) to the Postal Service, the Postal Regulatory Commission, and the Congress.</p> <p>(e) Waiver Authority.--The requirements of subsection (c)(2)(A) may, upon application of the Postal Service, be waived by the Postal Regulatory Commission, to the extent that the Commission determines that such waiver is reasonable and equitable and necessary to enable the Postal Service, under best practices of honest, efficient, and economical management, to maintain and continue the development of postal services of the kind and quality adapted to the needs of the United States.</p>		
<p>SEC. 905. EFFECTIVE DATES.</p> <p>(a) In General.--Except as otherwise provided, this title shall take effect on October 1, 2005.</p> <p>(b) Government Contributions.--Section 901(a) shall take effect on the first day of the first pay period beginning on or after October 1, 2005.</p>	<p>SEC. 805. EFFECTIVE DATES.</p> <p>(a) In General.--Except as provided under subsection (b), this title shall take effect on October 1, 2005.</p> <p>(b) Termination of Employer Contribution.--The amendment made by paragraph (1) of section 802(a) shall take effect on the first day of the first pay period beginning on or after October 1, 2005.</p>	
<p align="center">[S. TITLE IX--COMPENSATION FOR WORK INJURIES]</p>	<p align="center">TITLE IX--COMPENSATION FOR WORK INJURIES</p>	
	<p>SEC. 901. TEMPORARY DISABILITY; CONTINUATION OF PAY.</p> <p>(a) Time of Accrual of Right.--Section 8117 of title 5, United States Code, is amended--</p> <p>(1) by striking "An employee" and inserting "(a) An employee other than a Postal Service employee"; and</p> <p>(2) by adding at the end the following:</p> <p>"(b) A Postal Service employee is not entitled to compensation or continuation of pay for the first 3 days of temporary disability, except as provided under paragraph (3) of subsection (a). A Postal Service employee may use annual leave, sick leave, or leave without pay during that 3-day period, except that if the disability exceeds 14 days or is followed by permanent disability, the employee may have their sick leave or annual leave reinstated or receive pay for the time spent on leave without pay under this section."</p>	

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	<p>(b) Technical and Conforming Amendment.--Section 8118(b)(1) of title 5, United States Code, is amended to read as follows:</p> <p>"(1) without a break in time, except as provided under section 8117(b), unless controverted under regulations of the Secretary".</p>	
	<p>SEC. 902. DISABILITY RETIREMENT FOR POSTAL EMPLOYEES.</p> <p>(a) Total Disability.--Section 8105 of title 5, United States Code, is amended--</p> <p>(1) in subsection (a), by adding at the end the following:</p> <p>"This section applies to a Postal Service employee, except as provided under subsection (c)."; and</p> <p>(2) by adding at the end the following:</p> <p>"(c)(1) In this subsection, the term 'retirement age' has the meaning given under section 216(l)(1) of the Social Security Act (42 U.S.C. 416(l)(1)).</p> <p>"(2) Notwithstanding any other provision of law, for any injury occurring on or after the date of enactment of the Postal Accountability and Enhancement Act, and for any new claim for a period of disability commencing on or after that date, the compensation entitlement for total disability is converted to 50 percent of the monthly pay of the employee on the later of--</p> <p>"(A) the date on which the injured employee reaches retirement age; or</p> <p>"(B) 1 year after the employee begins receiving compensation."</p> <p>(b) Partial Disability.--Section 8106 of title 5, United States Code, is amended--</p> <p>(1) in subsection (a), by adding at the end the following:</p> <p>"This section applies to a Postal Service employee, except as provided under subsection (d)."; and</p> <p>(2) by adding at the end the following:</p> <p>"(d)(1) In this subsection, the term 'retirement age' has the meaning given under section 216(l)(1) of the Social Security Act (42 U.S.C. 416(l)(1)).</p> <p>"(2) Notwithstanding any other provision of law, for any injury occurring on or after the date of enactment of this subsection, and for any new claim for a period of disability commencing on or after that date, the compensation entitlement for partial disability is converted to 50 percent of the difference between the monthly pay of an employee and the monthly wage earning capacity of the employee after the</p>	

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	beginning of partial disability on the later of-- "(A) the date on which the injured employee reaches retirement age; or "(B) 1 year after the employee begins receiving compensation."	
[S. TITLE X--MISCELLANEOUS]	TITLE X--MISCELLANEOUS	
	[SEC. 1001. EMPLOYMENT OF POSTAL POLICE OFFICERS] [see HR 22 PCS § 801]	
	[SEC. 1002. OBSOLETE PROVISIONS] [see HR 22 PCS § 804]	
	[SEC. 1003. REDUCED RATES] [see HR 22 PCS § 806]	
	<p>SEC. 1004. SENSE OF CONGRESS REGARDING POSTAL SERVICE PURCHASING REFORM.</p> <p>It is the sense of Congress that the Postal Service should—</p> <p>(1) ensure the fair and consistent treatment of suppliers and contractors in its current purchasing policies and any revision or replacement of such policies, such as through the use of competitive contract award procedures, effective dispute resolution mechanisms, and socioeconomic programs; and</p> <p>(2) implement commercial best practices in Postal Service purchasing policies to achieve greater efficiency and cost savings as recommended in July 2003 by the President's Commission on the United States Postal Service, in a manner that is compatible with the fair and consistent treatment of suppliers and contractors, as befitting an establishment in the United States Government.</p>	
	<p>SEC. 1005. CONTRACTS FOR TRANSPORTATION OF MAIL BY AIR</p> <p>(a) Definitions.--Section 5402(a) of title 39, United States Code, is amended--</p>	

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	<p>(1) in paragraph (4), by striking "(g)(1)(D)(i)" and inserting "(g)(1)(A)(iv)(I)";</p> <p>(2) in paragraph (5), by striking "(g)(1)(D)(i)" and inserting "(g)(1)(A)(iv)(I)";</p> <p>(3) in paragraph (6), by striking "only";</p> <p>(4) in paragraph (8), by striking "rates paid to a bush carrier" and inserting "linehaul rates and a single terminal handling payment at a bush terminal handling rate paid to a bush carrier";</p> <p>(5) in paragraph (11), by striking "(g)(1)(D)(ii)" and inserting "(g)(1)(A)(iv)(II)";</p> <p>(6) in paragraph (13)--</p> <p style="padding-left: 2em;">(A) in subparagraph (A)--</p> <p style="padding-left: 4em;">(i) by striking "clause (i) or (ii) of subsection (g)(1)(D)" and inserting "subclause (I) or (II) of subsection (g)(1)(A)(iv)"; and</p> <p style="padding-left: 4em;">(ii) by striking "and" after the semicolon;</p> <p style="padding-left: 2em;">(B) in subparagraph (B), by adding "and" after the semicolon; and</p> <p style="padding-left: 2em;">(C) by adding at the end the following: "(C) is not comprised of previously qualified existing mainline carriers as a result of merger or sale;"</p> <p>(7) in paragraph (18), by striking "bush routes" and inserting "routes"; and</p> <p>(8) in paragraph (22), by striking "bush routes" and inserting "routes".</p> <p>(b) Nonpriority Bypass Mail.--Section 5402(g) of title 39, United States Code, is amended--</p> <p style="padding-left: 2em;">(1) in paragraph (2)(C), by inserting "or a destination city" after "acceptance point and a hub";</p> <p style="padding-left: 2em;">(2) in paragraph (3), by adding at the end the following: "(C) When a new hub results from a change in a determination under subparagraph (B), mail tender from that hub during the 12-month period beginning on the effective date of that change shall be based on the passenger and freight shares to the destinations of the affected hub or hubs resulting in the new hub."; and</p> <p style="padding-left: 2em;">(3) in paragraph (5)(A)(i), by striking "(g)(1)(D)(ii)" and inserting "(g)(1)(A)(iv)(II)".</p>	

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	<p>(c) Equitable Tender.--Section 5402(h) of title 39, United States Code, is amended--</p> <p>(1) in paragraph (1), by inserting "bush" after "providing scheduled";</p> <p>(2) by striking paragraph (3) and inserting the following:</p> <p>"(3)(A) Except as provided under subparagraph (C), a new or existing 121 bush passenger carrier qualified under subsection (g)(1) shall be exempt from the requirements under paragraphs (1)(B) and (2)(A) on a city pair route for a period which shall extend for--</p> <p>"(i) 1 year;</p> <p>"(ii) 1 year in addition to the extension under clause (i) if, as of the conclusion of the first year, such carrier has been providing not less than 5 percent of the passenger service on that route (as calculated under paragraph (5)); and</p> <p>"(iii) 1 year in addition to the extension under clause (ii) if, as of the conclusion of the second year, such carrier has been providing not less than 10 percent of the passenger service on that route (as calculated under paragraph (5)).</p> <p>"(B)(i) The first 3 121 bush passenger carriers entitled to the exemptions under subparagraph (A) on any city pair route shall divide no more than an additional 10 percent of the mail, apportioned equally, comprised of no more than--</p> <p>"(I) 5 percent of the share of each qualified passenger carrier servicing that route that is not a 121 bush passenger carrier; and</p> <p>"(II) 5 percent of the share of each nonpassenger carrier servicing that route that transports 25 percent or more of the total nonmail freight under subsection (i)(1).</p> <p>"(ii) Additional 121 bush passenger carriers entering service on that city pair route after the first 3 shall not receive any additional mail share.</p> <p>"(iii) If any 121 bush passenger carrier on a city pair route receiving an additional share of the mail under clause (ii) discontinues service on that route, the 121 bush passenger carrier that has been providing the longest period of service on that route and is otherwise eligible but is not receiving a share by reason of clause (ii), shall receive the share of the carrier discontinuing service.</p> <p>"(C) Notwithstanding the requirements of this subsection, if only 1 passenger carrier or aircraft is qualified to be</p>	

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	<p>tendered nonpriority bypass mail as a passenger carrier or aircraft on a city pair route in the State of Alaska, the Postal Service shall tender 20 percent of the nonpriority bypass mail described under paragraph (1) to the passenger carrier or aircraft providing at least 10 percent of the passenger service on such route.";</p> <p>(3) in paragraph (5)(A)-- (A) by striking "(i)" after "(A)"; and (B) by striking clause (ii).</p> <p>(d) Percent of Nonmail Freight.--Section 5402(i)(6) of title 39, United States Code, is amended-- (1) by striking "(A)" after "(6)"; and (2) by striking subparagraph (B).</p> <p>(e) Percent of Tender Rate.--Section 5402(j)(3)(B) of title 39, United States Code, is amended by striking "bush routes in the State of Alaska" and inserting "routes served exclusively by bush carriers in the State of Alaska".</p> <p>(f) Determination of Rates.--Section 5402(k) of title 39, United States Code, is amended by striking paragraph (5).</p> <p>(g) Technical and Conforming Amendment.--Section 5402(p)(3) of title 39, United States Code, is amended by striking "(g)(1)(D)" and inserting "(g)(1)(A)(iv)".</p> <p>(h) Effective Date.-- (1) In general.--Except as provided under paragraph (2), this section shall take effect on the date of enactment of this Act. (2) Equitable tender.--Subsection (c) shall take effect on July 1, 2006.</p>	