

same Postal Qualified Wholesalers (PQWs) as the parties to the contracts in Docket Nos. CP2008–16 and CP2008–17. Even though some terms and conditions of the contracts have changed, it states the essence of the service to the PQW customers is offering price-based incentives to commit large amounts of mail volume or postage revenue for Global Bulk Economy (GBE) and Global Direct (GD).³

The Postal Service indicates that the instant contracts have material differences which include removal of retroactivity provisions, explanations of price modification as a result of currency rate fluctuations or postal administration fees; removal of language on enforcement of mailing requirements; and restructuring of price incentives, commitments, penalties and clarification of continuing contractual obligations in the event of termination.

The Postal Service maintains these differences only add detail or amplify processes included in prior Global Plus 2 contracts. It contends because the contracts have the same cost attributes and methodology as well as similar cost and market characteristics, the differences do not affect the fundamental service being offered or the essential structure of the contracts. *Id.* at 8. It states the contracts are substantially similar both to one another and to the precursor Global Plus 2 contracts. Therefore, it asserts these contracts are “functionally equivalent in all pertinent respects.” *Id.* at 8.

II. Notice of Filing

The Commission establishes Docket Nos. CP2009–48 and CP2009–49 for consideration of the matters related to the contracts identified in the Postal Service’s Notice.

Interested persons may submit comments on whether the instant contracts are consistent with the policies of 39 U.S.C. 3632, 3622, or 3642. Comments are due no later than July 23, 2009. The public portions of these filings can be accessed via the Commission’s Web site (<http://www.prc.gov>).

The Commission appoints Michael J. Ravnitzky to serve as Public Representative in these dockets.

III. Ordering Paragraphs

It is Ordered:

³ The Postal Service states the commitments also account for International Priority Airmail (IPA), International Surface Air Lift (ISAL), Express Mail International (EMI), and Priority Mail International (PMI) items mailed under a separate but related Global Plus 1 contract with each customer. The Global Plus 1 contracts are the subject of a separate competitive products proceeding.

1. The Commission establishes Docket Nos. CP2009–48 and CP2009–49 for consideration of the issues raised in these dockets.

2. Comments by interested persons on issues in these proceedings are due no later than July 23, 2009.

3. Pursuant to 39 U.S.C. 505, Michael J. Ravnitzky is appointed to serve as officer of the Commission (Public Representative) to represent the interests of the general public in these proceedings.

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

Issued: July 16, 2009.

By the Commission.

Judith M. Grady,

Acting Secretary.

[FR Doc. E9–17420 Filed 7–20–09; 8:45 am]

BILLING CODE 7710–FW–P

POSTAL REGULATORY COMMISSION

[Docket No. RM2009–3; Order No. 243]

Postal Rates

AGENCY: Postal Regulatory Commission.

ACTION: Notice of public forum.

SUMMARY: This document announces a public forum to address workshare discount methodologies in First-Class Mail and Standard Mail. It invites public participation in the forum, responses to views expressed at the forum, and replies to comments filed in response to Order No. 192. This document also incorporates revisions identified in a July 10, 2009 errata notice. The revisions affected only the list of commenters presented in Order No. 243.

DATES: Public forum: August 11, 2009 at 1 p.m.; responses and reply comments due: August 31, 2009.

ADDRESSES: Submit comments electronically via the Commission’s Filing Online system at <http://www.prc.gov>.

FOR FURTHER INFORMATION CONTACT:

Stephen L. Sharfman, General Counsel, at 202–789–6820 or stephen.sharfman@prc.gov.

SUPPLEMENTARY INFORMATION: *Regulatory History*, 74 FR 50744 (March 24, 2009).

I. Introduction

II. Public Forum Issues

III. Ordering Paragraphs

I. Introduction

On March 16, 2009, the Commission issued Order No. 191 in Docket No. R2009–2 approving a set of market dominant rate changes proposed by the

Postal Service. It did so with the awareness that a number of complex issues relating to the proper application of the Postal Accountability and Enhancement Act (PAEA), Public Law 109–435, 120 Stat. 3198 (2006), to those rates could best be resolved in a follow-on docket in which sufficient time and sufficiently flexible procedures would be available to ensure that these issues could be thoroughly examined. To that end, the Commission issued Order No. 192, also on March 16, 2009, soliciting public comment on the “legal, factual, and economic bases” underlying the discounts for First-Class and Standard Mail approved in Docket No. R2009–2, and any alternative workshare discount rate design and cost avoidance methodologies that participants wished to propose.¹

The comments received on May 26 and 27, 2009 were numerous and wide-ranging.² Those comments include legal interpretations of the relevant portions of the PAEA, offered arguments (largely qualitative) concerning the market position of various categories of First-Class and Standard Mail, and advocate both the use or abandonment of certain traditional benchmarks used to quantify the costs avoided by various mail characteristics associated with workshare discounts. Several participants offered classification proposals designed to recognize the unique cost characteristics of various subsets of First-Class Mail. Specifically, *Stamps.com* proposed that a “Qualified PC Postage” mail category be established to reflect the reduced costs that would accompany single-piece First-Class Mail to which the mailer has applied CASS certified software and a full-service Intelligent Mail Barcode. *Stamps.com* Comments at 1. In addition, the officer of the Commission appointed to represent the interests of the general public (Public Representative) proposed that if the link between single-piece First-Class Mail costs and presorted First-Class Mail rates is to be abandoned, that single-piece First-Class Mail be established as a separate class of mail for rate setting purposes. Public Representative’s Comments at 23–27.

It is clear from the comments that resolving some of these issues will be contingent on how others are resolved. For example, if the Commission were to agree with the Postal Service’s view

¹ See Order No. 192, Notice of Proposed Rulemaking on Application of Workshare Discount Rate Design Principles, March 16, 2009, at 3 (Order No. 192).

² There were 13 commenters in response to Order No. 192. For convenience, participant comments are identified in Appendix A to this order.

that, as a legal matter, the worksharing discount standards of 39 U.S.C. 3622(e) apply only to components of individual “products” as defined in the Mail Classification Schedule, it would render moot any consideration of the market positions of the various First-Class and Standard Mail categories issued in Docket No. R2009–2. Similarly, if the Commission were to conclude that section 3622(e) may be applied across products, but each product at issue serves a separate and distinct market, that conclusion would dispense with the need to consider the issue of what benchmark would be most appropriate for measuring the cost avoided by the worksharing characteristics of those products. Likewise, if the Commission were to conclude that First-Class Mail may not be further subdivided for purposes of applying caps to rates, it would nullify the Public Representative’s rationale for proposing to establish single-piece First-Class Mail as a separate class of mail. Because these issues are mutually dependent, they will be considered together in the current phase of this proceeding. Technical issues of how avoided costs should be calculated will be considered after the need for benchmarks has been confirmed and appropriate benchmarks have been identified.

Some of the key issues to be addressed in this docket have basic public policy dimensions. The Commission has determined that those issues might benefit from being aired in the context of a public forum. A public forum will have the advantage of allowing representatives of various interests to have a dialogue, and exchange views in a non-adversarial discussion that allows others to respond with their own supporting or contrasting views or with clarifying questions. The Commission hopes that such a forum will significantly strengthen the record on which these policy-laden decisions will be based. It envisions convening such a forum August 11, 2009, at 1 p.m. in the Commission’s hearing room.

Participants will have an opportunity to file written responses both to the exchange of views at the forum and to the comments filed in response to Order No. 192 (the notice of proposed rulemaking in this docket). Those responses will be due on or before August 31, 2009. The Commission also will provide interested parties with an opportunity to address technical issues concerning how avoided costs should be modeled at a later date, when the legal,

policy, and economic issues described below have been resolved.³

II. Public Forum Issues

There are two issues that the Commission would like to explore further in the context of a public forum. The first is the issue of whether the users of single-piece First-Class Mail are entitled to special protection under the PAEA, and, if so, whether protection should take the form of:

1. Maintaining the traditional linkage of single-piece rates to the rates charged for Presorted First-Class Mail through a suitable benchmark;
2. Establishing a separate class of single-piece First-Class Mail subject to its own rate cap;
3. Adopting a regulation that would limit the difference allowed between single-piece and presorted First-Class Mail in terms of either average revenue per piece or percent contribution to institutional costs;
4. Relying on a qualitative or subjective standard of protection, such as the “just and reasonable” standard of section 3622(b)(8); or
5. Other suggested forms of protection.

The second policy issue that the Commission would like the public forum to address is whether a worksharing discount should be defined as:

1. A “pure” presorting, prebarcoding, handling, or transportation activity that is a direct substitute for an equivalent Postal Service activity; or
2. A “pure” worksharing activity as described above, plus other cost-reducing mail characteristics that are facilitated by or naturally support the “pure” worksharing activity, *e.g.*, walk sequencing and density.

A related aspect of the second policy issue is whether a discount that reflects both cost-reducing characteristics that are directly related to a worksharing activity, and others that are indirectly related to, or unrelated to the worksharing activity:

1. Should be defined as “worksharing” or “non-worksharing” according to some rule, such as which cost-reducing effect is thought to predominate;
2. Should be unbundled so that separate discounts are developed for the

worksharing and non-worksharing components; or

3. Should remain bundled, but be analytically decomposed into its worksharing and other components so that section 3622(e) standards may be applied to the worksharing component.

In addition to the broad issues described above that the Commission considers appropriate for discussion in the August 11, 2009 forum, there are several technical aspects of those issues that participants should ponder and comment upon, either in the forum itself or in the written comments that are due on August 31, 2009.

Issues specific to First-Class Mail. The assertions in the comments about the nature of markets for First-Class letters are, for the most part, qualitative. What little supporting data are offered are subject to more than one interpretation. In the next round of written comments, the Commission encourages parties to provide empirical support for their understanding of the state of the markets for single-piece and presort First-Class Mail letters. Information about attributes of smaller business mailers who can be converted (or already have been converted) by presort firms from users of single-piece into users of presorted First-Class would be especially useful. Similarly, information about how price signals influence mailers’ decisions to invest in hardware, software or quality control processes to avoid postage penalties that could result from failing Postal Service acceptance tests would be particularly helpful.

Issues specific to Standard Mail. Several commenters make assertions about the market differences between Carrier Route, High Density, and Saturation mail that are largely qualitative. They assert, for example, that Saturation mailers appear to have more delivery alternatives than Carrier Route or High Density mailers. Valassis/SMC argues that private delivery is a less viable option for High Density mailers because such mailings are demographically, rather than geographically targeted. *See Valassis/SMC Comments at 12, n.7.* This would seem to indicate that the market for High Density mail is more closely related to the market for Carrier Route mail because both target specific addresses. In the next round of comments, the Commission encourages parties to provide empirical support for their understanding of the state of the markets for the former components of Enhanced Carrier Route mail.

The Commission also welcomes additional comment on how worksharing cost avoidance should be defined and measured in the context of

³For example, several commenters have indicated an interest in proposing modifications to established methods for modeling costs avoided by worksharing, depending on how logically prior issues have been resolved. *See Postal Service Comments at 46–47; MMA Comments at 12; and APWU Comments at 7.* Consideration of such proposals will take place at a later, appropriate time.

Standard Mail. The Commission has long concluded that to promote productive efficiency, discounts for related categories of mail with the same own-price demand elasticity should not exceed the costs that the Postal Service avoids when mailers perform worksharing. This principle is known as efficient component pricing (ECP). The Postal Service has taken the former components of the Enhanced Carrier Route subclass—Carrier Route, High Density, and Saturation mail—and redefined them as separate products. The Postal Service, however, continues to estimate an own-price elasticity for these categories as a group, and the Commission has continued to apply ECP to worksharing cost differences among these rate categories on the premise that they serve the same market and have essentially the same elasticity of demand. The Postal Service and some other commenters now contend that the High Density and Saturation categories each serve distinct markets. *See* Valpak Comments at 17–18; Valassis/SMC Comments at 10–14; and Haldi Comments at 15–16. If true, economic theory suggests that cost coverages for each of these products should reflect distinct market conditions.

If there is not sufficient empirical evidence to conclude that these categories serve separate markets, and ECP remains relevant, applying it under the current classification structure with its attendant eligibility requirements is problematic. For example, several commenters contend that the difference in cost between High Density mail and Saturation mail reflects only the effect of the density eligibility requirement, not the effect of worksharing. *See* Postal Service Comments at 29; Haldi Comments at 11; and Valassis/SMC Comments at 2.

Sequencing mail, however, appears to fit the definition of worksharing activity in section 3622(e). If the mailer does not sequence the mail, then the Postal Service must do it. A mailer's decision to sort the mail into walk-sequence order depends on the menu of rates. If a mailer were to prepare a flat-shaped Saturation mailing without sequencing it, the mailer would have to pay the 5-digit presort rate. He would not be eligible for the Carrier Route rate because line-of-travel sequencing is a prerequisite for that rate. Similarly, he would not be eligible for the High Density rate because walk-sequencing is a prerequisite for that rate.

Absent demand differences,⁴ the relationship between these categories of mail suggests that the less deeply sequenced categories could serve as benchmarks from which the costs avoided by more deeply sequenced categories could be measured. For example, the 5-digit category could be a suitable cost avoidance benchmark for all of the remaining categories.

Alternatively, a mailer who presents High Density or Saturation mail rather than Carrier Route mail to the Postal Service does so because the difference in his cost between sorting to line of travel and sorting to walk-sequence is less than the corresponding rate difference; otherwise, a prudent mailer would not sort the mail in walk-sequence order. Accordingly, the cost of sorting mail to the line-of-travel order as reflected in the attributable delivery cost of Carrier Route mail could be viewed as the appropriate benchmark for both High Density and Saturation mail.⁵

With respect to the relationship between High Density and Saturation mail, the Postal Service asserts that there is no worksharing content difference between the two, and therefore ECP does not apply. Although the Postal Service recognizes that there is a cost difference, it contends that it is due to density, not to worksharing activity. The observed cost difference, however, could be characterized as gains in efficiency brought about by worksharing activity, *i.e.*, the Postal Service's cost per piece of sorting mail to walk-sequence order declines as density increases.⁶

Viewed as a worksharing-related cost difference, the rate for a High Density flat would reflect the difference in attributable delivery cost between a

High Density flat and a Carrier Route flat. Similarly, the rate for a Saturation flat would reflect the difference in attributable delivery cost between a Saturation flat and a Carrier Route flat. Using the same percentage passthrough for each walk-sequencing discount would be the mathematical equivalent of retaining the link between High Density and Saturation mail.

In addition to commenting on the broader, more theoretical questions discussed above, the Commission invites interested participants to comment on the following specific issues and questions:

1. What empirical evidence is there supporting the proposition that Carrier Route, High Density, and Saturation mail each serve separate markets?

2. If High Density and Saturation mail serve the same market, should the difference in worksharing unit cost between High Density and Saturation mail be subject to the standards of section 3622(e)? If the answer is no, specify why marginal worksharing cost differences are not pertinent to rate setting.

3. If Carrier Route and High Density mail serve the same market, should rates for Saturation mail be set as though it serves a separate market, even though it is not classified as a separate product?

4. What bearing does the probability of mail receiving automated or manual delivery point sequencing have on the answers to the above questions?

III. Ordering Paragraphs

It is ordered:

1. A public forum that addresses the issues described in the body of this order will be held on August 11, 2009, at 1 p.m., in the Commission's hearing room.

2. Written comments on the matters discussed at the public forum as well as the issues discussed in the comments filed in response to Order No. 192 are due on or before August 31, 2009.

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

Issued: July 10, 2009.

By the Commission.

Judith M. Grady,

Acting Secretary.

Appendix A—Comments on Notice of Proposed Rulemaking on Application of Workshare Discount Rate Design Principles

⁴ As noted, in the past, the Commission determined that Carrier Route, High Density, and Saturation mail, as a group, share an own-price demand elasticity that is distinct from Non-carrier Route mail. For this reason, it de-linked 5-digit mail and Carrier Route mail in Docket No. MC95–1 when the former Enhanced Carrier Route (ECR) subclass was established.

⁵ Using Carrier Route mail as a benchmark for letter-shaped Standard Mail is also problematic because the minimum number of pieces required for the 5-digit letter rate is 150, while the Carrier Route letter rate requires only 10 pieces.

⁶ This is confirmed by Witness Shipe's testimony in Docket No. R90–1. It shows that carriers case mail at a rate of 20.6 pieces per minute for non-sequenced Carrier Route letters, 29.0 pieces for walk-sequenced High Density letters, and 41.2 pieces for Saturation letters. The corresponding numbers for flats are 10.7, 13.6 and 27.4 pieces per minute. *See* Docket No. R90–1, Direct Testimony of Thomas Shipe, USPS–T–10, Exhibit USPS–10B, at 3 and 6. This constitutes declining marginal cost.

Participant	Title	Filing date
American Postal Workers Union, AFL-CIO (APWU Comments).	Initial Presentation of American Postal Workers Union, AFL-CIO.	May 27, 2009.
Bank of America Corporation, Discover Financial Services, J.P. Morgan Chase & Co., and the American Bankers Association.	Initial Comments of Bank of America Corporation, Discover Financial Services, J.P. Morgan Chase & Co., and the Bankers Association.	May 27, 2009.
Greeting Card Association	Initial Comments of the Greeting Card Association	May 26, 2009.
John Haldi (Haldi Comments)	Statement of John Haldi, Ph.D. Concerning Workshare Discounts.	May 26, 2009.
Mail Order Association of America	Comments of Mail Order Association of America	May 26, 2009.
Major Mailers Association (MMA Comments)	Initial Comments of Major Mailers Association	May 26, 2009.
National Postal Policy Council	Comments of National Postal Policy Council	May 26, 2009.
Pitney Bowes Inc	Initial Comments of Pitney Bowes Inc	May 26, 2009.
Public Representatives (Public Representatives Comments) ...	Comments of the Public Representatives	May 26, 2009.
Stamps.com (Stamps.com Comments)	Initial Presentation of Stamps.com	May 26, 2009.
United States Postal Service (Postal Service Comments)	Initial Comments of the United States Postal Service	May 26, 2009.
Valassis Direct Mail, Inc. and Saturation Mailers Coalition (Valassis/SMC Comments).	Comments of Valassis Direct Mail, Inc. and Saturation Mailers Coalition.	May 26, 2009.
Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc (Valpak Comments).	Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. Comments Regarding Standard Mail Volume Incentive Pricing Program.	May 26, 2009.

[FR Doc. E9-17286 Filed 7-20-09; 8:45 am]

BILLING CODE 7710-FW-P

SMALL BUSINESS ADMINISTRATION

Reporting and Recordkeeping Requirements Under OMB Review

AGENCY: Small Business Administration.

ACTION: Notice of reporting requirements submitted for OMB review.

SUMMARY: Under the provisions of the Paperwork Reduction Act (44 U.S.C. Chapter 35), agencies are required to submit proposed reporting and recordkeeping requirements to OMB for review and approval, and to publish a notice in the **Federal Register** notifying the public that the agency has made such a submission.

DATES: Submit comments on or before August 20, 2009. If you intend to comment but cannot prepare comments promptly, please advise the OMB Reviewer and the Agency Clearance Officer before the deadline.

Copies: Request for clearance (OMB 83-1), supporting statement, and other documents submitted to OMB for review may be obtained from the Agency Clearance Officer.

ADDRESSES: Address all comments concerning this notice to: *Agency Clearance Officer*, Jacqueline White, Small Business Administration, 409 3rd Street, SW., 5th Floor, Washington, DC 20416; and *OMB Reviewer*, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT:

Jacqueline White, Agency Clearance Officer, (202) 205-7044.

SUPPLEMENTARY INFORMATION:

Title: Secondary Participation Guaranty Agreement.

SBA Form Numbers: 1086, 1502.

Frequency: On occasion.

Description of Respondents: SBA Participating Lenders.

Responses: 530.

Annual Burden: 42,000.

Title: Applications for Business Loans.

SBA Form Numbers: 4, 4SCH-A, 4I, 4L.

Frequency: On occasion.

Description of Respondents:

Applicants applying for a SBA Loan.

Responses: 21,000.

Annual Burden: 295,505.

Title: Small Business Administration (SBA) Surety Bond Guarantee (SBG) Customer Survey.

SBA Form Number: N/A.

Frequency: On occasion.

Description of Respondents: SBG Program management to access program familiarity in the general small contractor population and to help determine the potential market for SBA surety bond guarantee.

Responses: 382.

Annual Burden: 13.

Jacqueline White,

Chief, Administrative Information Branch.

[FR Doc. E9-17255 Filed 7-20-09; 8:45 am]

BILLING CODE 8025-01-P

SMALL BUSINESS ADMINISTRATION

Data Collection Available for Public Comments and Recommendations

ACTION: Notice and request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, this

notice announces the Small Business Administration's intentions to request approval on a new and/or currently approved information collection.

DATES: Submit comments on or before September 21, 2009.

ADDRESSES: Send all comments regarding whether this information collection is necessary for the proper performance of the function of the agency, whether the burden estimates are accurate, and if there are ways to minimize the estimated burden and enhance the quality of the collection, to Barbara Brannan, Special Assistant, Office of Surety Guarantee, Small Business Administration, 409 3rd Street, 8th Floor, Washington, DC 20416.

FOR FURTHER INFORMATION CONTACT:

Barbara Brannan, Special Assistant, Office of Surety Guarantee 202-205-6545 barbara.brannan@sba.gov Curtis B. Rich, Management Analyst, 202-205-7030 curtis.rich@sba.gov

SUPPLEMENTARY INFORMATION: SBA's Surety Bond Guarantee (SBG) Program was created to encourage surety companies to provide bonding for small contractors. The information collected on these forms is used to evaluate the capability and potential sources of small contractors in the SBG Program.

Title: "Surety Bond Guarantee Assistance."

Description of Respondents: Surety Bond Companies.

Form Number: 990, 991, 994, 994B, 994F, 994H.

Annual Responses: 17,916.

Annual Burden: 1,959.

Jacqueline White,

Chief, Administrative Information Branch.

[FR Doc. E9-17254 Filed 7-20-09; 8:45 am]

BILLING CODE 8025-01-P