

## POSTAL SERVICE

### Automated Clearing House (ACH) Debit Added as New Method of Payment for Express Mail Corporate Account Customers

**AGENCY:** Postal Service™.

**ACTION:** Final rule.

**SUMMARY:** This final rule revises *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM®), by making Automated Clearing House (ACH) debit a new method of payment for Express Mail® Corporate Account (EMCA) customers and eliminating the option to open new local trust accounts. The ACH system is a secure, private network that connects banks to one another by way of the Federal Reserve Board. This network enables electronic payments, such as ACH debits, to be handled and processed. EMCA customers will continue to have a total of three options to fund their accounts: participate in the Centralized Account Processing System (CAPS); use a personal or business credit card; or authorize the USPS® to originate an ACH debit from a specified bank account. Existing EMCA customers that fund their account from a local trust account will still be required to maintain minimum balances.

This final rule also revises the DMM by adding provisions to close an EMCA funded by ACH debit payments.

**EFFECTIVE DATE:** October 1, 2008.

**FOR FURTHER INFORMATION CONTACT:** Grace Letto, 202-268-7247 or Garry Rodriguez, 202-268-7281, United States Postal Service.

#### **SUPPLEMENTARY INFORMATION:**

##### **Comments**

There was one internal comment received on the October 10, 2007, proposed rule. The commenter recommended the existing language on closing accounts be revised as a result of the addition of ACH debit payment method.

Based on the internal comment, we are updating DMM section 414.2.6, *Closing Account*, to maintain its applicability to the remaining trust accounts while they are being phased out and to add comparable provisions that apply to ACH debit and credit card payments.

##### **Current Policy**

EMCA customers could use one of the following payment methods to fund their accounts:

- a. Participate in the Centralized Account Processing System (CAPS).
- b. Use a personal or business credit card.
- c. Make an initial deposit with cash or by check of \$250, or the total postage and fees expected during the first 4 weeks of account usage, whichever is higher. After the first 4 weeks, the minimum balance in the account must equal an average week's postage and fees, or \$100, whichever is higher.

The DMM currently provides the USPS the right to close an EMCA with 10 days' written advance notice to the account holder if the ending balance on the mailing activity statement is below the minimum balance required for two consecutive months. The USPS may also close an account with 10 days' written advance notice if the account remains inactive for three consecutive months, unless circumstances warrant otherwise (e.g., a seasonal mailer, positive balance, etc.).

### **Background**

The Postal Service is providing ACH debit as a new method of payment for EMCA customers and eliminating the option to open a new EMCA using a local trust account funded by cash and/or check deposits as part of the Postal Service's ongoing mission to help grow revenue in a competitive market by increasing efficiencies, enhancing financial controls, and reducing costs.

By using an electronic payment option, customers will no longer have to go to a Post Office™ to make deposits into their EMCA trust accounts. This new payment option enhances financial control by reducing risk.

### **Summary**

This final rule eliminates the option to open a new EMCA using a local trust account funded by cash and/or check deposits and requires all new EMCA customers to fund their accounts using one of the following payment methods:

- a. Use a personal or business credit card.
- b. Authorize the USPS to originate an ACH debit from a specified bank account.
- c. Participate in the Centralized Account Processing System (CAPS) debit only if combined with other *PostalOne!*® accounts such as permit imprint, Periodicals, and Business Reply Mail®.

This final rule also adds provisions to close an EMCA that apply as a result of the addition of ACH debit payments.

### **Implementation**

The addition of the ACH debit payment method, the elimination of cash and check deposits to open new local trust accounts, and the updated provisions to close an account, are effective October 1, 2008.

Existing EMCA customers who deposit cash and checks in local trust accounts will be transitioned to electronic payment methods. Details of this process will be directly communicated to affected EMCA customers.

The Postal Service adopts the following changes to *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM), which is incorporated by reference in the *Code of Federal Regulations*. See 39 CFR 111.1.

### **List of Subjects in 39 CFR Part 111**

Administrative practice and procedure, Postal Service.

Accordingly, 39 CFR 111 is amended as follows:

#### **PART 111—[AMENDED]**

1. The authority citation for 39 CFR Part 111 continues to read as follows:

**Authority:** 5 U.S.C. 552(a); 39 U.S.C. 101, 401, 403, 404, 414, 416, 3001–3011, 3201–3219, 3403–3406, 3621, 3622, 3626, 3632, 3633, and 5001.

2. Revise the following sections of *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM), as follows:

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#### **400 Commercial Parcels**

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#### **410 Express Mail**

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#### **414 Postage Payment Methods**

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#### **2.0 Corporate Accounts**

\* \* \* \* \*

*[Revise the heading and text in 2.4 as follows:]*

#### **2.4 Payment Method**

For opening and maintaining an account, the mailer may do any of the following:

- a. Use a personal or business credit card.
- b. Authorize the USPS to originate an Automated Clearing House (ACH) debit from a specified bank account.
- c. Participate in the Centralized Account Processing System (CAPS) debit only if combined with other *PostaOne!* accounts such as permit imprint, Periodicals, and Business Reply Mail.

- d. Existing EMCA customers who deposit cash and checks in local trust accounts must maintain a minimum balance in the account equal to an average week's postage and fees, or \$100, whichever is higher.

\* \* \* \* \*

## **2.6 Closing Account**

*[Revise the text in 2.6 as follows:]*

The USPS may close an account with 10 days' written advance notice to the account holder, (and reserves the right to refer closed corporate accounts with negative balances or unpaid mailings to a collection agency), for any of the following reasons:

- a. The ending balance on the mailing activity statement is below the minimum balance required for two consecutive months.
- b. The account remains inactive for three consecutive months, unless circumstances warrant otherwise (e.g., a seasonal mailer, positive balance, etc.).
- c. For any unpaid mailings.
- d. There are repetitive unpaid mailings due to rejection of payment by the account holders' credit card company or ACH institution. The closing of an account due to repetitive unpaid mailings caused by the rejection of the payment by the banking institution is subject to review by the manager, Business Mail Entry.

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