

C. Paperwork Reduction Act

We ask for no new collections of information in this final rule. Therefore, the Paperwork Reduction Act (44 U.S.C. 3507) does not apply.

List of Subjects in 31 CFR Part 337

Banks, Banking, Government Securities, Federal Reserve System, Housing.

For the reasons set forth in the preamble, amend 31 CFR part 337 as follows:

PART 337—SUPPLEMENTAL REGULATIONS GOVERNING FEDERAL HOUSING ADMINISTRATION DEBENTURES

1. The authority citation for part 337 continues to read as follows:

Authority: 5 U.S.C. 301; 31 U.S.C. 321; Sec. 516, Pub. L. 102-550, 106 Stat. 3790.

2. Revise § 337.0 to read as follows:

§ 337.0 Scope of regulations.

The United States Department of the Treasury is the agent of the Federal Housing Administration for transactions in any debentures which have been or may be issued pursuant to the authority conferred by the National Housing Act, 12 U.S.C. 1701 *et seq.*, as amended from time to time, including Mutual Mortgage Insurance Fund Debentures, Housing Insurance Fund Debentures, War Housing Insurance Fund Debentures, Military Housing Insurance Fund Debentures, and National Defense Housing Insurance Fund Debentures. In accordance with the regulations adopted by the Federal Housing Commissioner and approved by the Secretary of the Treasury, such transactions are governed by regulations of the Department of the Treasury, so far as applicable. The Bureau of the Public Debt, Office of Public Debt Accounting operates the FHA debenture computer system and performs the day-to-day operations and transactions relating to the debentures.

3. Revise § 337.2 to read as follows:

§ 337.2 Transportation charges and risks.

Debentures presented for redemption at call or maturity, or for authorized prior purchase, or for conversion to book-entry form, must be delivered at the expense and risk of the holder. Debentures bearing restricted assignments may be forwarded by registered mail, but for the owner's protection debentures bearing unrestricted assignments should be forwarded by insured registered mail.

4. Amend § 337.4 by revising paragraph (a) to read as follows:

§ 337.4 Presentation and surrender.

(a) *For redemption.* To facilitate the redemption of called or maturing debentures, they may be presented and surrendered in the manner prescribed in this section in advance of the call or maturity date, as the case may be. Early presentation by holders will insure prompt payment of principal and interest when due. The debentures must first be assigned by the registered payee or his assignee, or by his duly constituted representative, if required, in the form and manner indicated in § 337.5, and must then be submitted to the Bureau of the Public Debt at the address given in § 337.14, accompanied by appropriate written advice. A transmittal advice for this purpose will accompany the notice of call.

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5. Revise § 337.14 to read as follows:

§ 337.14 Address for further information.

Further information regarding the issuance of, transactions in, and redemption of, FHA debentures may be obtained from the Bureau of the Public Debt, Office of Public Debt Accounting, 200 Third Street, P.O. Box 396, Parkersburg, West Virginia 26102-0396.

6. Revise § 337.15 to read as follows:

§ 337.15 General Provisions.

As fiscal agents of the United States, Federal Reserve Banks are authorized to perform any necessary acts under this part. The Secretary of the Treasury may at any time or from time to time prescribe supplemental and amendatory regulations governing the matters covered by this part, notice of which shall be communicated promptly to the registered owners of the debentures.

Dated: November 1, 2001.

Donald V. Hammond,

Fiscal Assistant Secretary.

[FR Doc. 01-28209 Filed 11-6-01; 2:23 pm]

BILLING CODE 4810-39-P

POSTAL SERVICE**39 CFR Part 111****Refunds and Exchanges for Metered Postage**

AGENCY: Postal Service.

ACTION: Final rule.

SUMMARY: The Postal Service is amending the *Domestic Mail Manual* (DMM) P014, Refunds and Exchanges, to clarify the refund policy for metered postage. These changes are being made in conjunction with the final rule amending P030, Postage Meters (Postage Evidencing Systems).

DATES: This rule is effective January 1, 2002.

FOR FURTHER INFORMATION CONTACT: Wayne Wilkerson, (703) 292-3590, or facsimile, (703) 292-4073.

SUPPLEMENTARY INFORMATION: The proposed rule to revise the current DMM P014, Refunds and Exchanges, was published in the **Federal Register** August 15, 2001, (66 FR 42817). The Postal Service requested that comments on the proposed rule be submitted by September 14, 2001. The date for receipt of comments was extended to September 25, 2001. The Postal Service received two written comments from postage evidencing system providers and one comment from a governmental organization. The Postal Service gave thorough consideration to the comments it received, modified the proposed rule as appropriate, and now announces the adoption of the final rule. The Postal Service's evaluation of the significant comments follows. The final rule, as amended, follows the discussion of the comments.

Discussion of Comments

1. *Time limit on refunds.* Two commenters expressed concern that only allowing 30 days from the date printed in indicia for users to obtain a refund for unused indicia printed on unmailed envelopes, wrappers, or labels would increase administrative burdens on both the Postal Service and users. Both commenters requested an extension of this time period to 90 days.

The Postal Service carefully considered this requirement and agrees to extend the time period to 60 days for unused indicia printed by all types of postage evidencing systems, except for PC Postage (TM) systems. The time limit for PC Postage systems will remain 30 days.

2. *Damaged postage evidencing systems.* One commenter noted that although the procedures for reconstructing the register values for a refund or transfer of unused postage appear to be limited to systems damaged by fire, there are many other ways in which a system could become damaged.

The Postal Service agrees with the commenter and changed the regulation in response to this comment. The Postal Service also clarified that the unused postage value remaining in a postage evidencing system checked out and withdrawn from service may be refunded only in certain circumstances and only with the proper supporting documentation, as described in the revised regulation.

3. *Refund of unused postage value remaining in a postage evidencing*

system. Two commenters asked that an option be added to allow the transfer of the unused postage to the appropriate postage payment account for withdrawn postage evidencing systems.

The Postal Service agrees with the commenters and changed the regulation by adding this option to reflect current practice.

4. *Examinations.*

(a) One commenter asked that the required examination of a postage evidencing system to verify the refund amount for unused postage value remaining in a postage evidencing system be waived if there is no question of system accuracy.

The Postal Service requires examination of all postage evidencing systems to verify the amount before any remaining funds are cleared from the meter. Either a refund or credit is initiated for unused postage value remaining in a postage evidencing system or additional money is collected to pay for postage value used, based on what is found. The Postal Service made no change to the regulation in response to this comment.

(b) One commenter asked that the Postal Service specify alternatives on how to perform the required examinations to verify the refund amount for unused postage value remaining in a postage evidencing system.

The *Domestic Mail Manual* (DMM) regulates customer use of postal services. Regulations affecting providers of postage evidencing systems are found in Title 39, Code of Federal Regulations (CFR) part 501, *Authorization to Manufacture and Distribute Postage Meters*. The Postal Service will publish proposed revisions to this part to include policies and regulations pertaining to more secure postage evidencing systems, such as those that use a PSD, those that generate IBI, and PC Postage systems, in a future issue of the **Federal Register**.

5. *Refund indicia.* One commenter asked that instead of requiring the user to print a refund indicia, the provider should be allowed to calculate the refund due for a PC Postage system if the provider has a Postal Service-approved method for doing so.

The Postal Service carefully considered the request and makes no change to the regulation at this time.

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

For reasons stated in the preamble, the Postal Service is amending 39 CFR part 111 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, 3001–3011, 3201–3219, 3403–3406, 3621, 3626, 5001.

2. Revise the *Domestic Mail Manual* (DMM) as follows:

Domestic Mail Manual (DMM)

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P Postage and Payment Methods

P000 Basic Information

P010 General Standards

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P014 Refunds and Exchanges

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1.0 STAMP EXCHANGES

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1.7 Stamps Converted to Other Postage Forms

[Revise 1.7 to read as follows:]

A customer may submit postage stamps for conversion to an advance deposit for permit imprint mailings, subject to these conditions:

a. Only full panes of postage stamps (or coils of stamps in the original sealed wrappers) are accepted for conversion. Accepted stamps include commemorative stamps issued no more than 1 year before the requested conversion date or regular stamp issues not officially withdrawn from sale.

b. A request for stamp conversions must be made in writing to the district manager of Customer Service and Sales in the district where the customer's post office is located. The customer's request must include:

(1) Name, denomination, quantity, and value of stamps for which conversion is requested.

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c. The amount of postage applied to a permit imprint advance deposit account through conversion is the full face value of the stamps.

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e. No part of any amount applied to a permit imprint advance deposit account from the conversion of postage stamps is later refundable in cash or by any other means.

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2.0 POSTAGE AND FEES REFUNDS

2.1 Refund Standards

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[Revise item b to read as follows:]

b. 3.0 for refund requests for postage evidencing systems and metered

postage. Metered postage is printed by a postage evidencing system (P030). Refunds may be requested for unused indicia, unused postage value remaining in a postage evidencing system, and the unused balance in a postage payment account.

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[Revise heading and text of 2.5 to read as follows:]

2.5 Refunds for Metered Postage

A refund for complete, legible, and valid, unused indicia printed on unmailed envelopes, wrappers, or labels is made under 3.2 when they are submitted by the licensee within 60 days from the dates shown on the indicia except for indicia produced by PC Postage (TM) systems. For PC Postage systems, the unused indicia must be submitted within 30 days from the dates shown in the indicia. For all indicia, except those produced by a PC Postage system, the licensee submits the indicia to the licensing post office and the USPS processes the refund. USPS charges 10% of the face value of the indicia if the total is \$250 or less. If the total face value is more than \$250, the charge is \$10 per hour for the actual hours to process the refund; the minimum charge is \$25. The licensee submits indicia produced by a PC Postage system to the system provider for refund processing. The provider may charge for processing refund requests.

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2.8 Applying for Refund

[Revise 2.8 to read as follows:]

Except for refunds for metered postage under 2.5, the customer must apply for a refund on Form 3533; submit it to the postmaster; and provide the envelope, wrapper, or a part of it showing the names and addresses of the sender and addressee, canceled postage and postal markings, or other evidence of postage and fees paid for which the refund is requested.

2.9 Ruling on Refund Request

[Revise 2.9 to read as follows:]

Refunds are decided as follows:
a. Metered postage, except for PC Postage systems. The postmaster at the licensing post office grants or denies requests for refunds for metered postage under 3.2.a. The licensee may appeal adverse decisions through the manager of Postage Technology Management, USPS Headquarters (G043).

b. PC Postage systems. The system provider grants or denies requests for refunds for indicia printed by PC Postage systems under 3.2.b, using established USPS criteria. The licensee may appeal adverse decisions through

the manager of Postage Technology Management, USPS Headquarters.

c. Optional Procedure (OP) mailing. A mailer's request for a refund for an Optional Procedure (OP) mailing must be submitted to the RCSC manager.

d. All other postage. The local postmaster grants or denies all other requests for refunds under 2.0. The customer may appeal adverse decisions through the postmaster to the RCSC.

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[Revise headings and text of 3.0 to read as follows:]

3.0 REFUND REQUEST FOR POSTAGE EVIDENCING SYSTEMS AND METERED POSTAGE

3.1 Unused Postage Value in Postage Evidencing Systems

The unused postage value remaining in a postage evidencing system checked out and withdrawn from service may be refunded depending upon the circumstance and USPS ability to make a responsible determination of the actual or approximate amount of the unused postage value. If the postage evidencing system is withdrawn for faulty operation that is not the fault of the licensee, a final postage adjustment or refund will be withheld pending the system provider's report of the cause to the USPS and the USPS determination of whether or not a refund is appropriate, and if so, the amount of the refund. If the postage evidencing system is damaged by fire, flood, etc. postage may be refunded or transferred only if the registers are legible or the register values can be reconstructed by the system provider based on adequate supporting documentation, there is proof of denial of the licensee's insurance claim in cases where the loss was insured against, and the licensee provides a statement on the cause of the damage. Refunds for specific postage evidencing systems are handled as follows:

a. For a manually reset meter being checked out and withdrawn from service, unused postage value may be transferred to another of the licensee's meters licensed at the same post office, or the licensee may request a refund. The USPS must examine a manually reset meter and verify the amount before any remaining funds are cleared from the meter and a refund or credit is initiated for unused postage value, or additional money is collected to pay for postage value used, based on what is found. The provider may check out and withdraw a specifically designated manually reset meter model from service without USPS participation when the provider uses a USPS-

approved process to transfer the postage remaining on the meter directly to a remotely reset meter. Licensees may also submit their own transaction records, if any, or a system-generated register as supporting documentation.

b. For a remote reset postage evidencing system being checked out and withdrawn from service, the unused postage value remaining on the system may be transferred by the USPS to another of the licensee's postage evidencing systems licensed at the same post office, or to the licensee's postage payment account, or the licensee may request a refund. The USPS must examine the meter and verify the amount before a refund or credit is initiated for the unused postage value or additional postage is collected, based on what is found, unless the provider has a USPS-approved system for automated transfer of funds from one meter to another. In this instance, the provider must examine the meter before a refund can be issued for the remaining postage balance. The licensee may also submit transaction records or a system-generated register as supporting documentation.

c. For a PSD Meter or IBI Meter being checked out and withdrawn from service, an amount equivalent to the postage value remaining on the system will be refunded to the licensed user along with any unused balance in the licensee's postage payment account. The provider must examine a PSD Meter or IBI Meter and verify the amount before a refund or credit is initiated for the unused postage value or additional postage is collected, based on what is found. The licensee may also submit transaction records, if any, or a system-generated register as supporting documentation.

d. For a PC Postage system that is checked out and withdrawn from service, the USPS refunds the entire unused postage value remaining on the PSD for the user's system. The refund is issued through the licensee's provider. The licensee must notify the provider of the intent to withdraw the system. To determine the remaining postage value on the PC Postage system, the licensee has the PC Postage system generate a refund request indicium for transmittal to the provider for verification. A refund can be issued only when the system PSD is in the provider's possession.

3.2 Unused Postage Evidencing System Indicia on Mailpieces or Labels

All refund requests for unused postage evidencing system indicia must include proof that the person or entity requesting the refund is the licensee for the postage evidencing system that

printed the indicia. Refunds are considered as follows:

a. Unused postage evidencing system indicia, except for those printed by a PC Postage system, are considered for refund only if complete, legible, and valid. They must be submitted by the licensed user to the postmaster at the licensing post office with Form 3533 within 60 days of the date in the indicia. The refund request must be submitted with the part of the envelope or wrapper showing the addressee's name and address (including the window on a window envelope). Indicia printed on labels or tapes not stuck to wrappers or envelopes must be submitted loose. If a part of the indicia is printed on one envelope or card and the remaining part on another, the two must be fastened together to show that they represent one indicium. Refunds are allowable for indicia on metered reply envelopes only when it is obvious that an incorrect amount of postage was printed on them. Envelopes or address parts of wrappers on mail returned to sender from the mailing office, marked to show no effort was made to deliver (e.g., "received without contents"), must be submitted separately with an explanation.

b. Unused indicia printed by a PC Postage system are considered for refund only if they are complete, legible, and valid and are submitted to the authorized provider for verification within 30 days of the date of mailing shown in the indicia, with the required documentation. In support of the refund request, indicia printed on an envelope or wrapper are submitted with the part of the envelope or wrapper showing the addressee's name and address (including the window in a window envelope). For indicia printed on a label that is not affixed to an envelope or wrapper, the complete label is submitted loose.

3.3 Ineligible Metered Postage Items

The following metered postage items are ineligible for refunds:

a. Reply envelopes or cards paid at the proper postage rate.

b. Indicia printed on labels or tape removed from wrappers or envelopes.

c. Indicia lacking a date, identification of the licensing post office or other necessary information that may be required.

d. Indicia printed on mail dispatched and returned to sender as undeliverable as addressed, including mail marked "no such post office" and mail addressed for local delivery and returned after directory service was given or delivery was attempted.

3.4 Rounding

Any fraction of a cent in the total to be refunded is rounded down to the whole cent (e.g., \$4.187 is rounded to \$4.18).

4.0 Refund Request for Excess Postage (Value Added Refund)—at Time of Mailing

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4.10 Form 8096 Required

[Revise 4.10 to read as follows:]

The presenter must provide the USPS with an original Form 8096 completed and signed by each of the presenter's customers who meter any pieces in the mailing for which a VAR is requested, and a list of those customers. If postage is affixed to the pieces using a postage evidencing system by an intermediate agent (not the presenter of the mailing) for the owner of the pieces, a signed Form 8096 must be on file from the agent whose postage evidencing systems were used to affix the postage. Refund requests are denied if all required Forms 8096 are not provided.

4.11 Form 8096 Not Required

Form 8096 is not required for a customer whose mail is metered by the presenter with the presenter's own postage evidencing system. In such cases, the presenter must provide the post office where it submits refund requests with a list, in ascending numeric order, of its own postage evidencing system serial numbers and those of any intermediate agent used for affixing postage to the pieces included in the mailing.

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An appropriate amendment to 39 CFR part 111 to reflect these changes will be published to include this final rule.

Stanley F. Mires,

Chief Counsel, Legislative.

[FR Doc. 01-28010 Filed 11-7-01; 8:45 am]

BILLING CODE 7710-12-P

POSTAL SERVICE

39 CFR Part 111

Production, Distribution, and Use of Postage Meters (Postage Evidencing Systems) and Postal Security Devices

AGENCY: Postal Service.

ACTION: Final rule.

SUMMARY: The Postal Service is revising the *Domestic Mail Manual* (DMM) P030 to include policies and regulations pertaining to more secure postage evidencing systems, such as those that use a Postal Security Device (PSD),

those that generate information-based indicia (IBI), and PC Postage (TM). The term "postage evidencing systems" is the collective term used when referring to these systems.

The Postal Service will publish proposed revisions to Title 39, Code of Federal Regulations (CFR) part 501, *Authorization to Manufacture and Distribute Postage Meters*, to include policies and regulations pertaining to more secure postage evidencing systems, such as those that use a PSD, those that generate IBI, and PC Postage, in a future issue of the **Federal Register**.

DATES: This rule is effective January 1, 2002.

FOR FURTHER INFORMATION CONTACT: Wayne Wilkerson, (703) 292-3590, or facsimile, (703) 292-4073.

SUPPLEMENTARY INFORMATION: The proposed rule to replace the current DMM P030, *Postage Meters and Meter Stamps*, was published in the **Federal Register** August 15, 2001, (66 FR 42820). The Postal Service requested that comments on the proposed rule be submitted by September 14, 2001. The date for receipt of comments was extended to September 25, 2001. The Postal Service received three written comments from postage evidencing system providers. The Postal Service gave thorough consideration to the comments it received, modified the proposed rule as appropriate, and now announces the adoption of the final rule. The Postal Service's evaluation of the significant comments follows. The final rule, as revised, follows the discussion of the comments and of the other significant changes made since publication of the proposed rule.

Discussion of Comments

1. Specifications

(a) One commenter requested that the regulations name specific technologies that would meet certain postage evidencing system requirements.

There are many different solutions to meeting postage evidencing system requirements. We made no changes to the generalized terminology used.

(b) One commenter requested that the definition of a PC Postage system be changed to require the system to print the destination address at the same time it prints the indicium.

A PC Postage system need not print the destination address when it prints the indicium. We made no changes to the definition of a PC Postage system.

(c) One commenter noted that although the regulations state that remote reset meters are reset electronically at the location of the

meter, there might be nonelectronic means for resetting such meters.

The Postal Service agrees with the commenter and revised the regulation.

(d) One commenter suggested that the fluorescent ink used in a postage evidencing system must be Postal Service-approved ink.

The Postal Service agrees with the commenter and changed the regulation in response to this comment.

(e) One commenter suggested that users must be required to use only those labels approved by the Postal Service for a given postage evidencing system when using that system.

The Postal Service agrees with the commenter and changed the regulation in response to this comment.

2. The Relationship Between the Customer and Their Postage Evidencing System Provider

(a) One commenter noted that noncompliance with the terms and conditions of the authorized provider's lease or rental agreement should be a reason for revoking a license that authorizes lease or rental of a postage evidencing system. The commenter also requested requiring the immediate surrender of a postage evidencing system or Postal Security Device (PSD) upon termination of a lease or rental agreement.

We revised the regulations to include licensee failure to abide by the terms and conditions of the authorized provider's lease or rental agreement, as a reason for possible revocation of a license. We added termination of a lease or rental agreement, as a reason for requiring the immediate surrender of a postage evidencing system or PSD.

(b) One commenter requested that the agreement between the provider and their customer be referred to as a "rental" instead of a "lease."

To allow for a variety of contractual relationships, the text was changed to use the phrase "lease or rental agreement" for all references to the agreement between the provider and their customer.

(c) One commenter requested that the Postal Service clarify that the base or host of the mailing system may be leased, sold, or rented at the discretion of the provider, although the postage evidencing system or PSD remains the property of the provider.

We revised the regulation to clarify that the base or host component of the mailing equipment that supports the postage evidencing system or PSD may be sold, leased, or rented at the discretion of the provider and the customer, in accordance with the