

DEPARTMENT OF THE TREASURY**Internal Revenue Service****26 CFR Part 1**

[REG-113007-99]

RIN 1545-AU98

Obligations of States and Political Subdivisions**AGENCY:** Internal Revenue Service (IRS), Treasury.**ACTION:** Cancellation of notice of public hearing on proposed rulemaking.**SUMMARY:** This document provides notice of cancellation of a public hearing on proposed regulations relating to the definition of private activity bond applicable to tax-exempt bonds issued by State and local governments.**DATES:** The public hearing originally scheduled for Tuesday, September 9, 2003, at 10 a.m., is cancelled.**FOR FURTHER INFORMATION CONTACT:** Treena Garrett of the Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel (Procedure and Administration), (202) 622-3401 (not a toll-free number).**SUPPLEMENTARY INFORMATION:**

A notice of proposed rulemaking and notice of public hearing that appeared in the **Federal Register** on Wednesday, May 14, 2003, (68 FR 25845), announced that a public hearing was scheduled for Tuesday, September 9, 2003, at 10 a.m. in the Auditorium, Internal Revenue Service Building, 1111 Constitution Avenue, NW., Washington, DC. The subject of the public hearing is proposed regulations under section 141 of the Internal Revenue Code. The public comment period for these proposed regulations expired on Tuesday, August 19, 2003. Outlines of oral comments were due on Tuesday, August 19, 2003.

The notice of proposed rulemaking and notice of public hearing, instructed those interested in testifying at the public hearing to submit an outline of the topics to be addressed. As of Thursday, August 28, 2003, no one has requested to speak. Therefore, the public hearing scheduled for Tuesday, September 9, 2003, is cancelled.

Cynthia E. Grigsby,

Acting Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel (Procedure and Administration).

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POSTAL RATE COMMISSION**39 CFR Part 3001**

[Docket No. RM2003-5; Order No. 1383]

Negotiated Service Agreements**AGENCY:** Postal Rate Commission.**ACTION:** Proposed rule.

SUMMARY: This document provides notice that the Commission is establishing a docket to address the first in a series of anticipated rulemakings concerning negotiated service agreement dockets. This initial rulemaking concerns baseline and functionally equivalent negotiated service agreements. It provides guidance to the Postal Service and others on the procedures the Commission proposes following for certain negotiated service agreement requests. It also establishes the organizational framework for the comprehensive set of rules. Adoption of these rules, with any revisions deemed appropriate after considering comments, will facilitate expeditious consideration of negotiated service agreements.

DATES: Initial comments due September 29, 2003; reply comments due October 14, 2003.**ADDRESSES:** Submit comments electronically via the Commission's Filing Online system, which can be accessed at <http://www.PRC.gov>.**FOR FURTHER INFORMATION CONTACT:** Stephen L. Sharfman, General Counsel, 202-789-6818.**SUPPLEMENTARY INFORMATION:****Introduction**

In opinion and recommended decision, docket no. MC2002-2, (Opinion) the Commission made a commitment to initiate a series of rulemakings designed to facilitate consideration of Postal Service requests based on negotiated service agreements.¹ See Opinion paras. 1006, 2007, 4026, 4041-2, 7026, and 8023. This notice and order represents the initiation of the first such rulemaking, and will address rules applicable to consideration of Postal Service requests to recommend baseline negotiated service agreements and negotiated service agreements that are functionally equivalent to then-effective negotiated service agreements.² The intent of this

¹ Docket No. MC2002-2, Experimental Rate and Service Changes to Implement Negotiated Service Agreement with Capital One, was the first docket in which the Commission considered and recommended a Postal Service request predicated on a Negotiated Service Agreement.

² A baseline negotiated service agreement is a negotiated service agreement that is not predicated on a functionally equivalent negotiated service

rulemaking is to facilitate the consideration of baseline negotiated service agreements and the extension of the terms and conditions of ongoing negotiated service agreements to similarly situated mailers. As the first such rulemaking, the proposed rules also establish the organizational framework for the complete set of Commission rules in regard to requests based on negotiated service agreements.

When the Postal Service filed its request of the United States Postal Service for a recommended decision on experimental changes to implement Capital One NSA (request), September 19, 2002, the Commission did not have procedural rules specifically tailored for consideration of negotiated service agreements. The Postal Service filed its request noting potential application of the Commission's rules for requests involving experimental changes. See rules 67-67d. Although the concept of a request based on a negotiated service agreement could be considered somewhat experimental, the functional elements of the request included features that were only of a limited experimental nature. See Opinion Chapter IV. Furthermore, the Commission's rules for experimental changes connote a standard of review and procedures appropriate for consideration of an experiment, which might not be appropriate for the review of a request based on a negotiated service agreement. Considering these issues and others that arose during the proceeding, such as initial intervention by parties to the negotiated service agreement and treatment of co-proponents discussed below, it became apparent that the process could be improved if the Commission's rules were revised specifically to accommodate consideration of negotiated service agreements.

The docket no. MC2002-2 experience provided the impetus for the Commission to propose rules specifically applicable to the review of Postal Service proposals based on negotiated service agreements. The goal of this rulemaking is foremost to develop rules to assure that Commission recommendations on proposals based on negotiated service agreements satisfy the requirements of the Act. The rules must balance the development of an adequate record against the burdens on

agreement currently in effect. The term "baseline" is used to denote that the negotiated service agreement potentially may form the basis of a future Postal Service request to recommend a functionally equivalent negotiated service agreement. The term emphasizes the policy that functionally equivalent negotiated service agreements should be made available to qualifying similarly situated mailers.