

ORIGINAL

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ORDER NO. 1115

UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

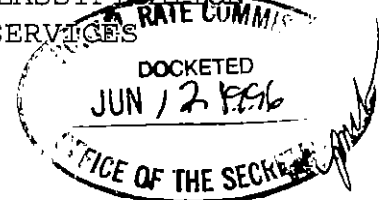
Before Commissioners: Edward J. Gleiman, Chairman;
W.H. "Trey" LeBlanc III, Vice-Chairman;
George W. Haley; and H. Edward Quick, Jr.

Special Services Fees and Classifications

Docket No. MC96-3

NOTICE OF REQUEST FOR CHANGES IN DOMESTIC MAIL CLASSIFICATION
SCHEDULE PROVISIONS AND RATES FOR SPECIAL SERVICES
AND ORDER INSTITUTING PROCEEDINGS

(Issued June 12, 1996)



Notice is hereby given that on June 7, 1996, the United States Postal Service filed a request with the Postal Rate Commission pursuant to section 3623 of the Postal Reorganization Act [39 USC § 3623] for a recommended decision on proposed changes in provisions of the Domestic Mail Classification Schedule (DMCS) and rates that affect selected special services. See Request of the United States Postal Service for a Recommended Decision on Special Service Changes (June 7, 1996) (referred to herein as "Request").

Contents of the filing. The Service's Request proposes changes to the terms of service and rates for post office boxes (including caller service), certified mail, return receipt, insurance, and registry service. It proposes to treat the production of postal cards as a new special service distinct from the postage that such cards require, and to rename postal cards

"stamped cards." It also proposes to eliminate special delivery service. The Postal Service's Request does not encompass any changes to the rates for the classes and subclasses of mail, nor the fees for other special services not specifically addressed by its proposals. Request at 3. The changes proposed may be summarized as follows:

Post Office Boxes

- Increase basic Group I fees by an average of 24 percent
- (Group I fees apply at city delivery offices)
- Increase basic Group II fees by 100 percent
- (Group II fees apply at non-city delivery offices)
- Eliminate basic fees for offices with no carrier delivery
- Institute an annual \$36 non-resident fee
- Refine definitions of the fee categories

Certified Mail/Return Receipts

- Increase certified mail fee by 40 cents
- Replace the two basic return receipt options with one option
- Replace the two return receipt for merchandise options with one option
- Clarify the categories of mail eligible to use return receipt for merchandise service

Insurance

- Raise the indemnity limit from \$600 to \$5000

- Raise the indemnity limit for Express Mail merchandise from \$500 to \$5000
- Reduce the limit for Express Mail document reconstruction from \$50,000 to \$500

Registry

- Simplify fee schedule by eliminating uninsured registry service over \$100

Postal Cards

- "Postal cards," which are sold to customers by the Postal Service, renamed "stamped cards"
- Institute a 2-cent fee (above postage) for stamped cards

Special Delivery

- Eliminate special delivery service

See Direct Testimony of W. Ashley Lyons on Behalf of United State Postal Service (hereafter "USPS-T-1") at 4-5.

Effect on net revenue. Unlike the Postal Service's other recent classification reform proposals, its proposal in this docket is not intended to have a neutral effect on its overall net revenue. The Postal Service estimates that if its proposals in this docket had been in effect throughout FY 1996, they would have increased system revenues by \$339.9 million while increasing system costs by only \$0.5 million, for a net increase in system revenue of \$339.4 million. USPS-T-1 at 8-9.

A request that would increase system net revenue so substantially is normally considered in an omnibus rate

proceeding.¹ In this request the Postal Service proposes to obtain the additional net revenue by increasing the contribution to institutional costs only from certain special services. The Postal Service explains that this is intended to serve its financial goals by enabling it to rebuild its equity or to extend the period between omnibus rate increases. USPS-T-1 at 6, 9-11. It observes that increasing its overall net revenue by raising markups on services that are less sensitive to price increases, as it proposes here, reflects a general policy to make demand pricing a greater factor in its rate and classification

proposals. It states that seeking infusions of net revenue through requests for new classifications or new products filed between omnibus rate proceedings reflects a management strategy that it may continue to follow in the future. USPS-T-1 at 6-7.²

Cost and roll-forward methodologies. In the past, interim Postal Service filings used the same base year and test year that were used in the most recent omnibus rate proceeding. This provided a consistent basis for comparing the cost and revenue effects of proposed interim changes with the cost and revenue effects of the general rate and classification schedules in place. In this interim filing, the Postal Service has

¹ The Postal Service has submitted documentation bearing an "MC," or mail classification designation. While the proposals to increase net revenue appear to fit the pattern of an "R," or rate designation, there is no apparent substantive reason to change the designation for the case at this time, and in the interest of avoiding unnecessary expense, we will not order such a change.

² During the course of the proceeding, the justification for these policies and their selective application may be explored.

complicated the evaluation of its proposed changes by using a base year (FY 1995) and a test year (FY 1996) that were not used to evaluate the rate and classification schedules in place. In another departure from recent practice, its filing develops base year costs solely by the methods that the Postal Service uses in its own Cost and Revenue Analysis Report (CRA). It does not follow the Commission's approved costing methods as far as practical, as the Postal Service's filing did in Docket No. MC95-1, nor describe and explain its departures from them, as the Postal Service's filings did in Docket Nos. R94-1 and MC93-1.

Direct Testimony of Richard Patelunas on Behalf of the United States Postal Service (hereafter "USPS-T-5") at 5-7.³

The Postal Service describes changes that it has made to its cost model between FY 1994 and FY 1995 that have not previously been discussed in testimony. These include aligning accounts in its CRA Report with those in its Revenue and Expense Report, ~~reweighting IOCS tallies for mail processing and customer service~~ functions in CAG B offices, reassigning some IOCS tallies for small parcels to services other than parcel post, revising the rules for assigning certain mixed mail tallies to mail classes, reassigning certain Special Delivery Messenger costs, redistributing certain RBCS clerk and mailhandler costs, and

³ Examples of cost attribution methods that were used by the Commission in the most recent omnibus rate proceeding but appear to be omitted from this filing are attributing coverage-related delivery costs according to single subclass stop analysis, and attributing some fixed costs associated with Special Delivery Messengers to the various services that use them.

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updating the factors used to develop space-related costs.
USPS-T-5 at 8-11.

Proposed DMCS provisions. In their Decision of March 4, 1996, in Docket No. MC95-1 (Classification Reform I), the Governors of the Postal Service adopted extensive revisions to the Domestic Mail Classification Schedule (DMCS). These revisions are scheduled to take effect on July 1, 1996. The Governors further revised the DMCS in their Decision approving the Recommended Decision of the Commission on Experimental First-Class and Priority Mail Small Parcel Automation Rate Category, Docket No. MC96-1, implemented by resolution of the Governors on April 28, 1996. In Attachment A to its Request, the Postal Service displays changes that it proposes in this filing to a new version of the DMCS that reflects these recent revisions. These proposed revisions accompany this Notice as Attachment A.

Proposed special service rate and fee schedules. The special service schedules were last amended in part by the Decision of the Governors in Classification Reform I. Rate schedules amended in connection with that decision, along with fee schedules for all special services, were published for informational purposes in the Federal Register on March 12, 1996 (61 FR 10,220). In Attachment B to its Request, the Postal Service displays changes that it proposes to the special service schedules corresponding to the revisions that it proposes in the DMCS. Its proposed changes to the special service schedules accompany this Notice as Attachment B.

Intervention. Participation in Commission proceedings generally takes the form of either full intervention or limited

participation. See Commission rules 20 and 20a [39 CFR § 3001.20 and .20a]. For those wishing to express their views informally, without incurring the obligations that attach to the other two forms of participation, commenter status is available. See Commission rule 20b [39 CFR § 3001.20b]. Those wishing to be heard in this matter as either a full intervenor or limited participant are directed to file a written notice of intervention in conformance with rule 20(b) or 20a(a) identifying the status they intend to assume and affirmatively stating how actively they expect to participate. In addition, intervenors are requested to provide a telephone number and facsimile number, and for each person designated to receive service of documents who is willing to receive service electronically, the appropriate e-mail address. [See proposed Special Rule 3A, *infra*.]

Notices of intervention should be sent to the attention of Margaret P. Crenshaw, Secretary of the Commission, 1333 H Street, NW, Washington, D.C. 20268-0001, and are to be filed on or before July 9, 1996. Commenter status does not require a notice of intervention.

Representation of the general public. In conformance with section 3624(a) of title 39, the Commission designates W. Gail Willette, Director of the Office of the Consumer Advocate (OCA), to represent the interests of the general public in this proceeding. Pursuant to this designation, Ms. Willette will direct the activities of Commission personnel assigned to assist her and, when requested, will supply their names for the record. Neither Ms. Willette nor any of the assigned personnel will participate in or provide advice on any Commission decision in

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this proceeding. If a participant elects procedure (1) service, as defined by the proposed special rules of practice, it shall serve the OCA separately with three copies of all filings, in addition to and contemporaneously with, service on the Commission of the 24 copies required by section 10(c) of the rules of practice [39 CFR § 3001.10(c)], except as provided by Special Rule 3B.

Special rules of practice. The Commission proposes conducting this proceeding pursuant to the special rules of practice set forth in Attachment C. These rules reflect the special rules implemented in Docket No. MC96-2, including a revision of Special Rule 3 to allow for voluntary, alternative service of documents by electronic filing. See P.O. Ruling MC96-2/9. The alternative system will allow participants to receive service either electronically or via traditional hard copy means. Participants are encouraged to carefully review the terms of all the rules and suggest any changes they believe would be beneficial. The use of electronic forms of filing and electronic database structures makes it especially important that titles of filed documents effectively describe their contents.

Initial prehearing conference: date, location, and agenda. The Commission will convene a prehearing conference at 9:30 a.m. on Friday, July 12, 1996, in the Commission's hearing room at 1333 H Street, N.W., Suite 300, Washington, D.C. The Commission asks that persons attending the conference be prepared to discuss procedural and scheduling matters pertinent to the Service's filing.

Participants are to file a notice of issues they would like to raise for consideration at the prehearing conference.

Suggestions need not be limited to procedural matters, but may include substantive issues to the extent that considering them at this stage might expedite the proceeding. An agenda incorporating participants' suggestions will be distributed at the beginning of the prehearing conference.

Docket Room operations. Documents may be filed with the Commission's docket section Monday through Friday between 8 a.m. and 5 p.m. Questions about docket room operations should be directed to Ms. Peggie Brown (at 202-789-6847) or Ms. Joyce Taylor (at 202-789-6846). Questions concerning any technical difficulties in electronic filing should be directed to the Commission's computer room at 202-789-6873.

It is ordered:

1. The Commission will sit en banc in this proceeding.
2. Notices of intervention shall be filed no later than July 9, 1996.
3. A prehearing conference will be held Friday, July 12, 1996 at 9:30 a.m. in the Commission's hearing room.
4. Participants are to file notices of issues they intend to raise at the prehearing conference by July 9, 1996.
5. Comments on the proposed special rules of practice set out in Attachment C should be filed by July 9, 1996.

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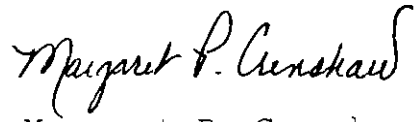
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6. W. Gail Willette, Director of the Commission's Office of the Consumer Advocate, is designated to represent the interest of the general public in this proceeding.

7. The Secretary shall cause this Notice and Order to be published in the *Federal Register*.

By the Commission.

(S E A L)


Margaret P. Crenshaw
Secretary

REQUESTED CHANGES IN THE DOMESTIC MAIL CLASSIFICATION SCHEDULE

In this Request, the Postal Service asks the Commission to recommend certain changes in the Domestic Mail Classification Schedule (DMCS). The changes requested herein alter the DMCS recommended by the Commission on November 29, 1978, adopted by decision of the Governors and implemented by resolution of the Board of Governors on April 3, 1979, effective April 15, 1979, and as amended from time-to-time, most recently by the decisions of the Governors approving the Recommended Decision of the Commission on Experimental First-Class and Priority Mail-Small Parcel-Automation Rate Category, Docket No. MC96-1, as implemented by resolution of the Board of Governors adopted on April 1, 1996, effective April 28, 1996, and the Decision of the Governors approving in part the Recommended Decision of the Commission on Classification Reform I, Docket No. MC95-1, as implemented by resolution of the Board of Governors adopted on March 4, 1996, effective July 1, 1996. The current DMCS (which is published in part at 39 CFR Part 3001, subpart C, appendix A, in part as attachment A to the Decision of the Governors of the United States Postal Service on the Recommended Decision of the Postal Rate Commission on Classification Reform I, Docket No. MC95-1 (61 Fed. Reg. 10,220), and in part as attachment A to the Decision of the Governors of the United States Postal Service on the Recommended Decision of the Postal Rate Commission on the Experimental

Special Services Reform

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First-Class and Priority Mail Small Parcel Automation Rate Category, Docket No. MC96-1 (61 Fed. Reg. 17,210)), is incorporated by reference in this Request.

Proposed additions to text of the classification schedule are underlined; proposed deletions are stricken. The changes in the DMCS requested by the Postal Service are as follows:

**EXPEDITED MAIL
CLASSIFICATION SCHEDULE**

* * * * *

160 ANCILLARY SERVICES

The following services may be obtained in conjunction with mail sent under this classification schedule upon payment of applicable fees:

Service	Schedule
a. Address correction	SS-1
b. Return receipts	SS-16
c. COD	SS-6
d. <u>Express Mail Insurance</u>	<u>SS-9a</u>

* * * * *

~~**180 INSURANCE AND INDEMNITY**~~~~**181 Insurance Coverage**~~~~Express Mail is insured against loss, damage or rifling at no additional charge.~~~~**182 Indemnity Coverage**~~~~**182.1 Payment of Indemnity.** Indemnity will be paid by the Postal Service as follows:~~

- ~~_____ a. For document reconstruction the maximum liability is \$50,000 per piece, up to \$500,000 per occurrence regardless of the number of claimants, to be paid under terms and conditions prescribed by the Postal Service.~~
- ~~_____ b. For merchandise the maximum liability is \$500 to be paid under terms and conditions prescribed by the Postal Service.~~
- ~~_____ c. For mailings valued at \$15 or less, for negotiable items, or currency or bullion, the indemnity is \$15 to be paid under terms and conditions prescribed by the Postal Service.~~

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~~182.2 Indemnity Not Available.~~ Indemnity will not be paid by the Postal Service for loss, damage or rifling:

- ~~_____ a. _____ Of nonmailable matter;~~
- ~~_____ b. _____ Due to improper packaging;~~
- ~~_____ c. _____ Seizure by any agency of government; or,~~
- ~~_____ d. _____ Due to war, insurrection or civil disturbances.~~

~~183 Insurance Claims And Procedures~~180 Refunds181 Procedure

Claims for refunds of postage ~~or insurance~~ must be filed within the period of time and under terms and conditions prescribed by the Postal Service.

~~184 Refunds~~182 Availability

~~184.1~~ 182.1 **Same Day Airport.** The Postal Service will refund the postage for Same Day Airport Express Mail not available for claim by the time specified, unless the delay is caused by:

- a. Strikes or work stoppage;
- b. Delay or cancellation of flights; or
- c. Governmental action beyond the control of Postal Service or air carriers.

~~184.2~~ 182.2 **Custom Designed.** Except where a service agreement provides for claim, or delivery, of Custom Designed Express Mail more than 24 hours after scheduled tender at point of origin, the Postal Service will refund postage for such mail not available for claim,

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or not delivered, within 24 hours of mailing, unless the item was delayed by strike or work stoppage.

~~184.3~~ **182.3 Next Day.** Unless the item was delayed by strike or work stoppage, the Postal Service will refund postage for Next Day Express Mail not available for claim or not delivered:

- a. By 10:00 a.m., or earlier time(s) prescribed by the Postal Service, of the next delivery day in the case of Post Office-to-Post Office service;
- b. By 3:00 p.m., or earlier time(s) prescribed by the Postal Service, of the next delivery day in the case of Post Office-to-Addressee service.

~~184.4~~ **182.4 Second Day.** Unless the item was delayed by strike or work stoppage, the Postal Service will refund postage for Second Day Express Mail not available for claim or not delivered:

- a. By 10:00 a.m., or earlier time(s) prescribed by the Postal Service, of the second delivery day in the case of Post Office-to-Post Office service;
- b. By 3:00 p.m., or earlier time(s) prescribed by the Postal Service, of the second delivery day in the case of Post Office-to-Addressee service.

FIRST-CLASS MAIL CLASSIFICATION SCHEDULE

* * * * *

222 ~~Postal and~~ Stamped and Post Cards Subclass

222.1 Definition

222.11 **~~Postal~~ Stamped Card.** A ~~postal stamped~~ card is a card with postage imprinted or impressed on it and supplied by the Postal Service for the transmission of messages.

222.12 Post Card. A post card is a privately printed mailing card for the transmission of messages. To be eligible to be mailed as a First-Class post card, a card must be of uniform thickness and must not exceed any of the following dimensions:

- a. 6 inches in length;
- b. 4 1/4 inches in width;
- c. 0.016 inch in thickness.

222.13 Double Cards. Double ~~postal stamped~~ or post cards may be mailed as ~~postal stamped~~ or post cards. A double ~~postal stamped~~ or post card consists of two attached cards, one of which may be detached by the receiver and returned by mail as a single postal or post card.

222.2 Restriction. A mailpiece with any of the following characteristics is notailable as a ~~postal stamped~~ or post card unless it is prepared as prescribed by the Postal Service:

- a. Numbers or letters unrelated to postal purposes appearing in the address portion of the card;
- b. Punched holes;
- c. Vertical tearing guide;
- d. An address portion which is smaller than the remainder of the card.

222.3 Regular Rate Categories.

222.31 Single Piece Rate Category. The single piece rate category applies to regular rate ~~Postal Stamped~~ and Post Cards subclass mail not mailed under section 222.32.

222.32 Presort Rate Category. The presort rate category applies to ~~Postal Stamped~~ and Post Cards subclass mail that:

- a. Is prepared in a mailing of at least 500 pieces;
- b. Is presorted, marked, and presented as prescribed by the Postal Service; and

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- c. Meets the addressing and other preparation requirements prescribed by the Postal Service.

222.4 Automation Rate Categories

222.41 General. The automation rate categories consist of ~~Postal~~ Stamped and Post Cards subclass mail that:

- a. Is prepared in a mailing of at least 500 pieces;
- b. Is presorted, marked, and presented as specified by the Postal Service;
- c. Bears a barcode representing not more than 11 digits (not including "correction" digits) as prescribed by the Postal Service; and
- d. Meets the machinability, addressing, barcoding, and other preparation requirements prescribed by the Postal Service.

* * * * *

260 ANCILLARY SERVICES

First-Class Mail, except as otherwise noted, will receive the following additional services upon payment of the fees prescribed in the corresponding schedule:

Service		Schedule
a.	Address correction	SS-1
b.	Business reply mail	SS-2
c.	Certificates of mailing	SS-4
d.	Certified mail	SS-5
e.	COD	SS-6
f.	Insured mail	SS-9
g.	Registered mail	SS-14
h.	Special delivery	SS-17
i. <u>h.</u>	Return receipt (merchandise sent by Priority Mail only)	SS-16
j. <u>i.</u>	Merchandise return	SS-20

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270 RATES AND FEES

The rates and fees for First-Class Mail are set forth in the following rate schedules:

	Schedule
a. Letters and Sealed Parcels	221
b. Postal Stamped and Post Cards	222
c. Priority Mail	223
d. Fees	1000

* * * * *

**STANDARD MAIL
CLASSIFICATION SCHEDULE**

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360 ANCILLARY SERVICES

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**362 Single Piece, Parcel Post, Bound Printed Matter, Special, and Library
Subclasses**

Single Piece, Parcel Post, Bound Printed Matter, Special, and Library subclass mail will receive the following additional services upon payment of the appropriate fees:

Service	Schedule
a. Certificates of mailing	SS-4
b. COD	SS-6
c. Insured mail	SS-9
d. Special delivery	SS-17
e. d. Special handling	SS-18
f. e. Return receipt (merchandise only)	SS-16
g. f. Merchandise return	SS-20

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Insurance, ~~special delivery~~, special handling, and COD services may not be used selectively for individual pieces in a multi-piece Parcel Post subclass mailing unless specific methods approved by the Postal Service for ascertaining and verifying postage are followed.

* * * * *

PERIODICALS CLASSIFICATION SCHEDULE

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~~460 ANCILLARY SERVICES~~

~~Periodicals class mail will receive the following additional service upon payment of the appropriate fee:~~

_____	Service	_____	Schedule
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_____	Special delivery	_____	SS 17
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GENERAL DEFINITIONS, TERMS AND CONDITIONS

* * * * *

3000 POSTAGE AND PREPARATION

* * * * *

3080 Refund of Postage

When postage and special service fees have been paid on mail for which no service is rendered for the postage or fees paid, or collected in excess of the lawful rate, a refund

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may be made. There shall be no refund for registered, ~~COD~~; ~~and insured~~, and ~~Express~~ ~~Mail Insurance~~ fees when the article is later withdrawn by the mailer. In cases involving returned articles improperly accepted because of excess size or weight, a refund may be made.

* * * * *

CLASSIFICATION SCHEDULE SS-3--CALLER SERVICE

3.01 Definition

3.010 Caller service is a service which permits a customer to obtain his mail addressed to a the customer's box number through a call window or loading dock.

3.02 Description of Service

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3.022 Caller service is provided to customers on the basis of mail volume received, and number of post office boxes ~~rented~~ used at any one facility.

* * * * *

CLASSIFICATION SCHEDULE SS-4--CERTIFICATE OF MAILING

* * * * *

4.03 Other Services

4.030 The following services, if applicable to the class of mail, may be obtained in conjunction with mail sent under this classification schedule upon payment of the applicable fees:

Classification
schedule

- a. Parcel airlift SS-13
b. ~~Special delivery~~ ~~SS-17~~

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e. b. Special handling SS-18

* * * * *

CLASSIFICATION SCHEDULE SS-5--CERTIFIED MAIL

* * * * *

5.04 Other Services

5.040 The following services may be obtained in conjunction with mail sent under this classification schedule upon payment of the applicable fees:

	Classification schedule
a. Restricted delivery	SS-15
b. Return receipt	SS-16
c. Special delivery	SS-17

CLASSIFICATION SCHEDULE SS-6--COLLECT ON DELIVERY SERVICE

* * * * *

6.06 Other Services

6.060 The following services, if applicable to the class of mail, may be obtained in conjunction with mail sent under this classification schedule upon payment of the applicable fee:

	Classification Schedule
a. Registered mail, if sent as First-Class	SS-14
b. Restricted delivery	SS-15
c. Special delivery	SS-17
d. <u>c.</u> Special handling	SS-18

* * * * *

CLASSIFICATION SCHEDULE SS-9--INSURED MAIL

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9.02 Description of Service

9.020 The maximum liability of the Postal Service under this schedule is ~~\$600~~ \$5000.

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9.05 Other Services

9.050 The following services, if applicable to the class of mail, may be obtained in conjunction with mail sent under this classification schedule upon payment of the applicable fees:

	Classification schedule
a. Parcel Airlift	SS-13
b. Restricted delivery (for items insured for more than \$50)	SS-15
c. Return receipt (for items insured for more than \$50).....	SS-16
d. Special delivery	SS-17
e. <u>d.</u> Special handling	SS-18
f. <u>e.</u> Merchandise return (shippers only)	SS-20

* * * * *

CLASSIFICATION SCHEDULE SS-9a--EXPRESS MAIL INSURANCE9a.01 Definition

9a.010 Express Mail Insurance is a service that provides the mailer with indemnity for loss of, rifling of, or damage to items sent by Express Mail.

9a.02 Description of Service

9a.020 Express Mail Insurance is available only for Express Mail.

9a.021 Insurance coverage is provided, for no additional charge, up to \$500 per piece for document reconstruction, up to \$5,000 per occurrence regardless of the number of claimants. Insurance coverage is also provided, for no additional charge, up to \$500 per piece for merchandise. Insurance coverage for merchandise valued at more than \$500 is available for an additional fee, as set forth in Rate Schedule SS-9a. The maximum liability for merchandise is \$5,000 per piece. For negotiable items, currency, or bullion, the maximum liability is \$15.

9a.022 Indemnity claims for Express Mail must be filed within a specified period of time from the date the article was mailed.

9a.023 Indemnity will be paid under terms and conditions prescribed by the Postal Service.

9a.024 Among other limitations prescribed by the Postal Service, indemnity will not be paid by the Postal Service for loss, damage or rifling:

- a. Of nonmailable matter;
- b. Due to improper packaging;
- c. Due to seizure by any agency of government; or,
- d. Due to war, insurrection or civil disturbances.

9a.03 Fees

9a.030 The fees for Express Mail Insurance service are set forth in Rate Schedule SS-9a.

CLASSIFICATION SCHEDULE SS-10--POST OFFICE BOX SERVICE

10.01 Definition

10.010 Post office box service is a service which provides the customer with a private, locked receptacle for the receipt of his mail during the hours when the lobby of a postal facility is open.

10.02 Description of Service

* * * * *

10.021 A post office box holder may ~~request~~ ask the Postal Service to deliver to the post office box all mail properly addressed to the holder. ~~him through the post office box.~~ If the post office box is located at the post office indicated on the piece, it will be transferred without additional charge, in accordance with existing regulations.

* * * * *

10.03 Fees

* * * * *

10.031 In postal facilities primarily serving academic institutions or the students of such institutions, ~~periods of rental and fees for post office boxes are~~ administered as follows:

<u>Period for of box rentals use</u>	<u>Fee</u>
95 days or less	1/2 semi-annual fee.
96 to 140 days	3/4 semi-annual fee.
141 to 190 days	Full semi-annual fee.
191 to 230 days	1 1/4 semi-annual fee.
231 to 270 days	1 1/2 semi-annual fee.
271 days to full year	Full annual fee.

10.032 No refunds will be made for ~~boxes rented~~ post office box fees paid under section 10.031. For purposes of this classification schedule SS-10, the full annual fee is twice the amount of the semi-annual fee.

CLASSIFICATION SCHEDULE SS-11--MAILING LIST SERVICES

11.01 Definition

* * * * *

11.02 Description of Service

* * * * *

11.0221 Gummed labels, wrappers, envelopes or postal stamped or post cards indicative of one-time use will not be accepted as mailing lists.

* * * * *

CLASSIFICATION SCHEDULE SS-13--PARCEL AIRLIFT (PAE)

* * * * *

13.07 Other Services

13.070 The following services, if applicable to the class of mail, may be obtained in conjunction with mail sent under this classification schedule upon payment of the applicable fees:

	Classification schedule
a. Certificate of mailing	SS-4
b. Insured mail	SS-9
c. Restricted delivery (if insured for more than \$25 \$50).....	SS-15
d. Return receipt (if insured for more than \$25 \$50).....	SS-16
e. Special delivery (if mailed for delivery within the 48 contiguous states)	SS-17
f. e. Special handling	SS-18

* * * * *

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CLASSIFICATION SCHEDULE SS-14--REGISTERED MAIL

* * * * *

14.02 Description of Service

* * * * *

14.021 Registered mail service provides ~~optional~~ insurance up to a maximum of \$25,000—, depending upon the actual value at the time of mailing, except that insurance is optional for articles valued \$100 or less.

* * * * *

~~14.026 Indemnity claims for registered mail on which insurance is provided, or for articles valued \$100 or less on which optional insurance has been elected, must be~~
 filed within a specified period of time from the date the article was mailed.

* * * * *

14.06 Other Services

~~14.060 The following services may be obtained in conjunction with mail sent under this classification schedule upon payment of applicable fees:~~

	Classification schedule
a. Collect on delivery	SS-6
b. Restricted delivery	SS-15
c. Return receipt	SS-16
d. Special delivery	SS-17
e. <u>d.</u> Merchandise return (shippers only).	SS-20

14.07 Fees

14.070 The fees for registered mail ~~and related optional indemnity purchase~~ are set forth in Rate Schedule SS-14.

* * * * *

CLASSIFICATION SCHEDULE SS-16--RETURN RECEIPTS

* * * * *

16.02 Description of Service

16.020 Return receipt service is available for mail sent under the following classification schedules:

	Classification Schedule
a. Certified mail	SS-5
b. COD mail	SS-6
c. Insured mail (if insured for more than \$50)	SS-9
d. Registered mail	SS-14
e. Express Mail	
f. <u>First-Class Priority Mail</u> (merchandise only)	
g. Standard Mail (merchandise only <u>sent by Single Piece Parcel Post, Bound Printed Matter, Special, and Library Subclasses</u>)	

~~16.021. Return receipt service is available at the time of mailing or when purchased in conjunction with certified, COD, insured (if for more than \$50), registered, or Express Mail, after mailing.~~

16.0211 Mailers requesting return receipt service at the time of mailing will be provided, as appropriate:

- a. ~~The the signature of the addressee or his addressee's agent, and the date delivered, or~~
- b. ~~The signature of the addressee or his agent, the date delivered and the address of delivery, if different from the address on the mailpiece.~~

* * * * *

CLASSIFICATION SCHEDULE SS-17 SPECIAL DELIVERY

17.01 Definition

Special Services Fees and Classifications

Attachment A

Page 18

~~17.01 Special delivery service is a service that provides for preferential handling in dispatch and transportation, and delivery of mail as soon as practicable after arrival at the addressee's post office.~~

~~17.02 Description of Service~~

~~17.020 Special delivery service is available for mail sent under the following classification schedules:~~

- ~~a. First Class Mail~~
- ~~b. Periodicals~~
- ~~c. Single Piece, Parcel Post,
Bound Printed Matter, Special,
and Library Standard Mail~~

~~17.021 Special delivery is made only to addresses where it is known that such delivery can be made.~~

~~17.022 Special delivery mail is delivered during prescribed hours in addition to regular carrier delivery hours.~~

~~17.023 If delivery cannot be made a notice of arrival is left at the address.~~

~~17.03 Requirements of the Mailer~~

~~17.030 Mail sent under this classification schedule must be identified as prescribed by regulation.~~

~~17.04 Deposit of Mail~~

~~17.040 Special delivery mail must be deposited in a manner prescribed by the Postal Service.~~

~~17.05 Forwarding and Return~~

~~17.050 Special delivery mail which is forwarded or returned does not receive special delivery service unless the special delivery fee has been guaranteed, or if a forwarding order had been given by the addressee at the office of original address in advance of the arrival of the mail.~~

Special Services Fees and Classifications

Attachment A
Page 19~~17.06 Other Services~~

~~17.060 The following services, if applicable to the class of mail, may be obtained in conjunction with mail sent under this classification schedule upon payment of the applicable fees:~~

	Classification schedule
a. Certificate of mailing	SS-4
b. Certified mail	SS-5
c. COD mail	SS-6
d. Insured mail	SS-9
e. Parcel airlift	SS-13
f. Registered mail	SS-14

~~17.07 Fees~~

~~17.070 The fees for special delivery service are set forth in Rate Schedule SS-17.~~

CLASSIFICATION SCHEDULE SS-18--SPECIAL HANDLING

* * * * *

18.02 Description of Service

* * * * *

18.021 Special handling ~~(or special delivery)~~ service is mandatory for matter which requires special attention in handling, transportation and delivery.

* * * * *

CLASSIFICATION SCHEDULE SS-19--STAMPED CARDS AND ENVELOPES

19.01 Definitions

19.010 Plain stamped envelopes and printed stamped envelopes are envelopes with postage thereon offered for sale by the Postal Service.

19.011 Stamped cards and double stamped cards are defined in classification schedule 222.11 and 222.13, respectively.

19.02 Description of Service

19.020 Stamped envelopes are available for:

- a. First-Class Mail within the first rate increment.
- b. Standard Mail mailed at a minimum per-piece rate as prescribed by the Postal Service.

19.021 Printed stamped envelopes may be obtained by special request.

19.022 Stamped cards are available for First-Class Mail.

19.03 Fees

19.030 The fees for stamped cards and envelopes are set forth in Rate Schedule SS-19.

* * * * *

REQUESTED CHANGES IN THE SPECIAL SERVICE SCHEDULES

In conjunction with the requested changes in the Domestic Mail Classification Schedule (DMCS) set forth in Attachment A, the Postal Service also is requesting that the Commission recommend corresponding changes in the attendant special service schedules and the title of Rate Schedule 222.

The special service schedules were last amended in part by the Decision of the ~~Governors Approving in part the Recommended Decision of the Postal Rate~~
~~Commission on Classification Reform~~ Rate Schedules amended in connection with that decision, along with fee schedules for all special services, which were published for informational purposes in the Federal Register on March 12, 1996 (61 Fed. Reg. 10,220), are incorporated by reference in this Request.

Proposed additions to the text of the schedules are underlined; proposed deletions are stricken. The requested changes in the schedules are as follows:

Special Services Fees and Classifications

Attachment B
Page 2

* * * * *

FIRST-CLASS MAIL
RATE SCHEDULE 222
Postal Stamped and Post Cards

* * * * *

SCHEDULE SS-5
Certified Mail

Fee
(in addition to postage)

Per piece _____ \$1.10 \$1.50

* * * * *

SCHEDULE SS-9
Insured Mail

Liability	Fee (in addition to postage)
\$ 0.01 to \$ 50	\$0.75
50.01 to 100	1.60
100.01 to 200	2.50
200.01 to 300	3.40
300.01 to 400	4.30
400.01 to 500	5.20
500.01 to 600	6.10
<u>100.01 to 5000</u>	<u>\$1.60 plus \$0.90</u> <u>for each \$100</u> <u>or fraction thereof</u> <u>over the first \$100 in value</u>

Special Services Fees and Classifications

Attachment B
Page 3**SCHEDULE SS-9A**
Express Mail InsuranceDocument ReconstructionCoverageFee
(in addition to postage)\$ 0.01 to \$ 500no chargeMerchandiseValue LevelFee
(in addition to postage)\$ 0.01 to \$ 500
500.01 to 5000no charge
\$0.90 for each \$100
or fraction thereof
over \$500 in value

Special Services Fees and Classifications

Attachment B
Page 4**SCHEDULE SS-10**
Post Office Boxes and Caller Service**A. Post Office Box Semi-Annual Rental Rate****Group I — offices with city carrier service**

		Semi-annual Fees (\$)		
Box Capacity		IA	IB	IC
Box size (cu. in.)				
1	under 296	\$24.00	\$22.00	\$20.00
2	296-499	37.00	33.00	29.00
3	500-999	64.00	56.00	52.00
4	1000-1999	105.00	95.00	86.00
5	2000 & over	174.00	155.00	144.00

**Group II — offices without
city carrier service**

1	annual	8.00
2	annual	13.00
3	semi-annual	12.00
4	semi-annual	17.50
5	semi-annual	27.50

**Group III — offices without
rural carrier service**

Box sizes		
1-5	annual	2.00

B. Caller Service

For Caller Service	
semi-annual	250.00 240.00 225.00

For Each Reserved Call Number	
annual	30.00

Special Services Fees and Classifications

Attachment B
Page 5A. Semi-Annual Fees at Offices That Offer Any Carrier Service 1/

<u>Box size</u>	<u>Box Capacity (cu. in.)</u>	<u>Fee Group</u>			
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
<u>1</u>	<u>under 296</u>	<u>\$30.00</u>	<u>\$28.00</u>	<u>\$25.00</u>	<u>\$8.00</u>
<u>2</u>	<u>296-499</u>	<u>\$46.00</u>	<u>\$41.00</u>	<u>\$36.00</u>	<u>\$13.00</u>
<u>3</u>	<u>500-999</u>	<u>\$80.00</u>	<u>\$70.00</u>	<u>\$65.00</u>	<u>\$24.00</u>
<u>4</u>	<u>1000-1999</u>	<u>\$121.00</u>	<u>\$109.00</u>	<u>\$95.00</u>	<u>\$35.00</u>
<u>5</u>	<u>2000 & over</u>	<u>\$209.00</u>	<u>\$186.00</u>	<u>\$150.00</u>	<u>\$55.00</u>

B. Semi-Annual Fees at Offices That Do Not Offer Any Carrier Service 1/

<u>Box size</u>	<u>Fee</u>
<u>1-5</u>	<u>\$0.00 2/</u>

C. Caller Service Fees

	<u>Fee Group</u>			
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
<u>Caller Service (semi-annual)</u>	<u>\$250.00</u>	<u>\$250.00</u>	<u>\$250.00</u>	<u>\$250.00</u>
<u>Each Reserved Call Number (annual)</u>	<u>\$30.00</u>	<u>\$30.00</u>	<u>\$30.00</u>	<u>\$30.00</u>

Special Services Fees and Classifications

Attachment B
Page 6NOTES:

1/ In addition to the fees specified, all customers will be subject to an additional semi-annual \$18.00 nonresident fee per box, regardless of box size, unless they receive, pursuant to postal regulations, an exemption based upon proof of local residency.

2/ Post office box customers who are eligible to receive carrier service at their delivery addresses are ineligible for these fees and are subject instead to Group D fees.

* * * * *

Special Services Fees and Classifications

Attachment B
Page 7**SCHEDULE SS-14 Registered Mail**

Fees (in addition to postage)

VALUE	For Articles Covered by Insurance	For Articles Not Covered by Insurance
\$0.00 to \$100	\$4.85 (without insurance)	\$4.85
<u>\$0.00 to \$100</u>	<u>\$4.95 (with insurance)</u>	
100.01 to 500	5.40	5.20
500.01 to 1,000	5.85	5.55
1,000.01 to 2,000	6.30	5.90
2,000.01 to 3,000	6.75	6.25
3,000.01 to 4,000	7.20	6.60
4,000.01 to 5,000	7.65	6.95
5,000.01 to 6,000	8.10	7.30
6,000.01 to 7,000	8.55	7.65
7,000.01 to 8,000	9.00	8.00
8,000.01 to 9,000	9.45	8.35
9,000.01 to 10,000	9.90	8.70
10,000.01 to 11,000	10.35	9.05
11,000.01 to 12,000	10.80	9.40
12,000.01 to 13,000	11.25	9.75
13,000.01 to 14,000	11.70	10.10
14,000.01 to 15,000	12.15	10.45
15,000.01 to 16,000	12.60	10.80
16,000.01 to 17,000	13.05	11.15
17,000.01 to 18,000	13.50	11.50
18,000.01 to 19,000	13.95	11.85
19,000.01 to 20,000	14.40	12.20
20,000.01 to 21,000	14.85	12.55
21,000.01 to 22,000	15.30	12.90
22,000.01 to 23,000	15.75	13.25
23,000.01 to 24,000	16.20	13.60
24,000.01 to 25,000	16.65	13.95
\$25,000.01 to \$1,000,000	16.65	13.95
Plus handling charge per \$1,000 or fraction over first \$25,000	0.45	0.35
\$1,000,000 to \$15,000,000	455.40	355.20
Plus handling charge per \$1,000 or fraction over first \$1,000,000.	0.45	0.35

Over \$15,000,000: additional charges may be based on consideration of weight, space and value.

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Special Services Fees and Classifications

Attachment B
Page 8

* * * * *

SCHEDULE SS-16

Return

Receipts

----- Description -----	Fee (in addition to postage)
-------------------------	---------------------------------

Requested at time of mailing:

Showing to whom (signature) and date delivered	\$1.10
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Merchandise only without another special service	1.20
---	-----------------

Showing to whom (signature) and date, and address (if different) where delivered	1.50
---	------

Merchandise only - without another special service	1.65
--	------

Requested after mailing:

Showing to whom and date delivered	6.60
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Special Services Fees and Classifications

Attachment B
Page 9

SCHEDULE SS-17

Special Delivery

	Fee
	(in addition to postage)
First Class and Priority Mail	
Not more than 2 pounds	9.95
Over 2 pounds but not over 10 pounds	10.35
Over 10 pounds	11.15
All Other Classes	
Not more than 2 pounds	10.45
Over 2 pounds but not over 10 pounds	11.25
Over 10 pounds	12.10

* * * * *

Special Services Fees and Classifications

Attachment B

Page 10

SCHEDULE SS-19
Stamped Cards and Envelopes

Fee (in addition to postage)

CARDS:

<u>Stamped Card</u>	<u>\$0.02</u>
---------------------	---------------

<u>Double Stamped Card</u>	<u>0.04</u>
----------------------------	-------------

ENVELOPES:

Single Sale	\$0.06
-------------	--------

BULK (500) #6-3/4 size:

Regular	8.20
---------	------

Window	9.00
--------	------

BULK (500) size > #6-3/4 through #10 1/

Regular	12.00
---------	-------

Window	13.00
--------	-------

Multi-Color Printing (500)

#6-3/4 size	10.50
-------------	-------

#10 size 1/	15.00
-------------	-------

Printing Charge per 500 Envelopes (for each type of printed envelope)

Minimum Order (500 envelopes)	4.40
-------------------------------	------

Order for 1,000 or more envelopes	4.40
-----------------------------------	------

Double Window (500) - size > #6-3/4 through #10 1/

15.

Household (50):

size # 6-3/4

Regular	3.00
---------	------

Window	3.10
--------	------

size > #6-3/4 through #10

Regular	3.20
---------	------

Window	3.30
--------	------

1/ Fee for precancelled envelopes is the same.

* * * * *

SPECIAL RULES OF PRACTICE**1. Evidence**

A. *Case-in-chief.* A participant's case-in-chief shall be in writing and shall include the participant's direct case and rebuttal, if any, to the United States Postal Service's case-in-chief. It may be accompanied by a trial brief or legal memoranda. There will be a stage providing an opportunity to rebut presentations of other participants and for the Postal Service to present surrebuttal evidence.

B. *Exhibits.* Exhibits should be self-explanatory. They should contain appropriate footnotes or narrative explaining the source of each item of information used and the methods employed in statistical compilations. The principal title of each exhibit should state what it contains or represents. The title may also contain a statement of the purpose for which the exhibit is offered; however, this statement will not be considered part of the evidentiary record. Where one part of a multi-part exhibit is based on another part or on another exhibit, appropriate cross-references should be made. Relevant exposition should be included in the exhibits or provided in accompanying testimony.

C. *Motions to Strike.* Motions to strike are requests for extraordinary relief and are not substitutes for briefs or rebuttal evidence. All motions to strike testimony or exhibit

materials are to be submitted in writing at least 14 days before the scheduled appearance of the witness. Responses to motions to strike are due within seven days.

D. Designation of Evidence from other Commission Dockets.

Participants may request that evidence received in other Commission proceedings be entered into the record of this proceeding. These requests should be made by motion, should explain the purpose of the designation, and should identify material by page and line or paragraph number. Absent extraordinary justification, these requests must be made at least 28 days before the date for filing the participant's direct case. If requests for designations and counter-designations are granted, the moving participant must submit two copies of the approved material to the Secretary of the Commission for inclusion in the record.

Oppositions to motions for designation and/or requests for counter-designations shall be filed within 14 days.

2. Discovery

A. *General.* Rules 25, 26 and 27 apply during the discovery stage of this proceeding except when specifically overtaken by these special rules. Questions from each participant should be numbered sequentially, by witness.

The discovery procedures set forth in the rules are not exclusive. Parties are encouraged to engage in informal

discovery whenever possible to clarify exhibits and testimony. The results of these efforts may be introduced into the record by stipulation, by supplementary testimony or exhibit, by presenting selected written interrogatories and answers for adoption by a witness at the hearing, or by other appropriate means.

In the interest of reducing motion practice, parties also are encouraged to use informal means to clarify questions and to identify portions of discovery requests considered overbroad or burdensome.

B. Objections and Motions to Compel Responses to Discovery. Upon motion of any participant in the proceeding, the Commission or the presiding officer may compel an answer to an interrogatory or request for admissions if the objection is overruled. Motions to compel should be filed within 14 days of an objection to the discovery request.

Parties who have objected to interrogatories or requests for production of documents or items which are the subject of a motion to compel shall have seven days to answer. Answers will be considered supplements to the arguments presented in the initial objection.

C. Answers to Interrogatories. Answers to discovery are to be filed within 14 days of the service of the discovery request. Answers to discovery requests shall be prepared so that they can be incorporated as written cross-examination. Each answer shall begin on a separate page, identify the individual responding, the

participant who asked the question, and the number and text of the question.

Participants are expected to serve supplemental answers to update or to correct responses whenever necessary, up until the date that answers are accepted into evidence as written cross-examination. Participants filing supplemental answers shall indicate whether the answer merely supplements the previous answer to make it current or whether it is a complete replacement for the previous answer.

Participants may submit responses with a declaration of accuracy from the respondent in lieu of a sworn affidavit.

D. Follow-up Interrogatories. Follow-up interrogatories to clarify or elaborate on the answer to an earlier discovery request may be filed after the initial discovery period ends. They must be served within seven days of receipt of the answer to the previous interrogatory unless extraordinary circumstances are shown.

E. Discovery to Obtain Information Available Only from the Postal Service. Rules 25 through 27 allow discovery reasonably calculated to lead to admissible evidence during a noticed proceeding with no time limitations. Generally, through actions by the presiding officer, discovery against a participant is scheduled to end prior to the receipt into evidence of that participant's direct case. An exception to this procedure shall operate when a participant needs to obtain information (such as

operating procedures or data) available only from the Postal Service. Discovery requests of this nature are permissible up to 20 days prior to the filing date for final rebuttal testimony.

3. Service

A. *Receipt of Documents.* The Service List shall contain the name and address of up to two individuals entitled to receive copies of documents for each participant. If possible that entry will also include a telephone number and facsimile number. Individuals on the service list willing to receive documents electronically will provide their e-mail address which shall appear on the Service List. Service on those individuals should be made electronically if possible. Otherwise service should be effected as provided in Rule of Practice 12.

B. *Service of Documents.* Service of documents may be effected using one of three procedures. Procedure (1): participants will file documents and effect service as provided in Rules of Practice 9-12. Procedure (2): participants will provide the Commission with a diskette containing the text of each filing simultaneously with the filing of an original and one hard copy. Procedure (2) participants will serve all individuals on the service list not identified as willing to receive electronic service as provided by Rule of Practice 12. The Commission will provide service via e-mail to the remainder of the service list. Procedure (3): participants will provide the

Commission with an original, one hard copy, and an electronic copy sent by e-mail to PRC-DOCKETS @ PRC.GOV. Procedure (3) participants will provide service electronically via e-mail to those individuals identified on the service list as willing to receive electronic service and will serve the remainder as required by Rule of Practice 12.

Certificates of service should identify the procedure used to effect service.

C. Exceptions to general service requirements for certain documents. Designations of written cross-examination, notices of intent to conduct oral cross-examination, and notices of intent to participate in oral argument need to be served only on the Commission, the OCA, the Postal Service, and the complementary party (as applicable), as well as on participants filing a special request for service.

Discovery requests, objections and answers thereto need to be served on the Commission, the OCA, on the complementary party, and on any other participant so requesting, as provided in rules 25-27. Special requests relating to discovery must be served individually upon the party conducting discovery and state the witness who is the subject of the special request.

D. Document titles. Parties should include titles that effectively describe the basic content of any filed documents. Where applicable, titles should identify the issue addressed and

the relief requested. Transmittal documents should identify the answers or other materials being provided.

4. Cross-examination

A. *Written cross-examination.* Written cross-examination will be utilized as a substitute for oral cross-examination whenever possible, particularly to introduce factual or statistical evidence.

Designations of written cross-examination should be served no later than three working days before the scheduled appearance of a witness. Designations shall identify every item to be offered as evidence, listing the participant who initially posed the discovery request, the witness and/or party to whom the question was addressed (if different from the witness answering), the number of the request and, if more than one answer is provided, the dates of all answers to be included in the record. (For example, "OCA-T1-17 to USPS witness Jones, answered by USPS witness Smith (July 1, 1996) as updated (July 21, 1996).") When a participant designates written cross-examination, two copies of the documents to be included shall simultaneously be submitted to the Secretary of the Commission.

The Secretary of the Commission shall prepare for the record a packet containing all materials designated for written cross-examination in a format that facilitates review by the witness and counsel. The witness will verify the answers and materials in the packet, and they will be entered into the transcript by

the presiding officer. Counsel for a witness may object to written cross-examination at that time, and any designated answers or materials ruled objectionable will be stricken from the record.

B. *Oral cross-examination.* Oral cross-examination will be permitted for clarifying written cross-examination and for testing assumptions, conclusions or other opinion evidence. Requests for permission to conduct oral cross-examination should be served three or more working days before the announced appearance of a witness and should include (1) specific references to the subject matter to be examined and (2) page references to the relevant direct testimony and exhibits.

Participants intending to use complex numerical hypotheticals or to question using intricate or extensive cross-references, shall provide adequately documented cross-examination exhibits for the record. Copies of these exhibits should be provided to counsel for the witness at least two calendar days (including one working day) before the witness's scheduled appearance.

5. General

Argument will not be received in evidence. It is the province of the lawyer, not the witness. It should be presented in brief or memoranda. Legal memoranda on matters at issue will be welcome at any stage of the proceeding.

New affirmative matter (not in reply to another party's direct case) should not be included in rebuttal testimony or exhibits.

Cross-examination will be limited to testimony adverse to the participant conducting the cross-examination.

Library references may be submitted when documentation or materials are too voluminous reasonably to be distributed. Each party should sequentially number items submitted as library references and provide each item with an informative title. Parties are to file and serve a separate Notice of Filing of Library Reference(s). Library material is not evidence unless and until it is designated and sponsored by a witness.