INTERNATIONAL AND RATEMAKING LAW

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

October 26, 1999

Hon. Margaret P. Crenshaw, Secretary
Postal Rate Commission
1333 H Street, NW, Suite 300
Washington, D.C. 20268-0001

Dear Ms. Crenshaw:

This letter hereby provides notice that operation of the Mailing Online market test will cease at approximately 1:59 p.m. on Friday, October 29, 1999.[1] Copies of this letter are also being provided to participants in Docket No. MC98-1.

On July 15, 1998, the United States Postal Service filed with the Postal Rate Commission a Request seeking an opinion and recommended decision authorizing the conduct of a market test, and another opinion and recommended decision authorizing the conduct of an experiment for Mailing Online. The intent was to operate a market test that would soon be supplanted by an experiment, with the latter continuing for two years.

On October 7, 1998, the Commission issued its favorable Opinion and Recommended Decision on the market test. The Postal Service Governors voted on October 16 to accept the Commission's recommendation. Operation of the market test commenced on October 30, 1998.

On May 3, 1999, faced with wholesale changes in the structure of the Postal Service's presence on the Internet that rendered inaccurate the factual foundation underlying the request for a Mailing Online experiment, the Board of Governors, in Resolution No. 99–5, directed the withdrawal of the request for an experiment. Accordingly, the experiment never supplanted the market test.

The Postal Service remains committed to Mailing Online and has in no sense determined to abandon it. Indeed, development of the single-channel USPS.com Internet presence continues with Mailing Online personnel in close coordination. This development effort is yet incomplete and untested. Postal management plans

[1]This specific time derives from the calculation of one year from commencement of the test on October 30, 1998, together with the fact that jobs are downloaded to the printer starting at 2:00 p.m. on any given day.

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to ask the Governors to authorize the filing of a new request for a Mailing Online experiment, based upon the USPS.com architecture, in the near future. There appears to be little practical benefit in continuing the market test beyond the one year contemplated by the Commission's rules, 39 C.F.R. § 3001.161. Accordingly, it is being terminated at the end of that period of time.

Mailing Online is effectuated in the Domestic Mail Classification Schedule (DMCS) primarily by section 981, with conforming language also appearing in sections 221.31(a) [exception to 500 piece minimum], 260(l) (Ancillary Services), 321.231(a) [exception to the 200 piece minimum], and 364 [Ancillary Services]. Fees for Mailing Online appear in Fee Schedule 981.

DMCS § 981.5 (Duration) specifies conditions under which the Mailing Online market test terminates, including implementation of an experiment or three months after 1) a Commission rejection of the Postal Service request for an experiment, or 2) three months after a Governors decision rejecting a favorable recommendation from the Commission. Since none of these conditions has actually triggered termination of the market test, it appears that changes to the DMCS reflecting the operational decision to terminate the market test will yet be required. Conforming "housekeeping" changes will accordingly be requested at the next appropriate opportunity.[2]

The Domestic Mail Manual (DMM) contains postal regulations affecting Mailing Online. *See* DMM §§ G093, E110.1.3 and 4.1; E140.1.1; E611.1.2; E612.4.7 and 4.9; and P040.5.1.[3] These regulations are being modified by the Postal Service to remove references to Mailing Online, with an effective date contemporaneous with cessation of the market test, via the usual *Federal Register* and *Postal Bulletin* notices.

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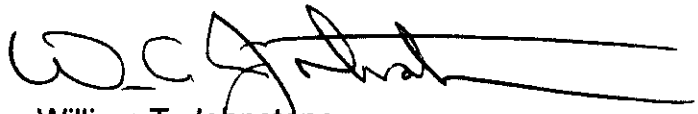
[2]Either the next omnibus rate case or a new request for a Mailing Online experiment would appear to be suitable candidates.

[3]The General Contents page of the G section also lists Mailing Online under G093.

If you require additional information regarding Mailing Online, please feel free to contact Ken Hollies (202-268-3083).

Sincerely,



William T. Johnstone
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cc: Participants of record
in Docket No. MC98-1