

ORDER NO. 1272

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

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

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Before Commissioners:

Edward J. Gleiman, Chairman;  
George A. Omas, Vice Chairman;  
Dana B. Covington, Sr.; Ruth Y. Goldway;  
and W.H. "Trey" LeBlanc, III

Mailing Online Experiment

Docket No. MC2000-2

NOTICE AND ORDER ON FILING OF REQUEST FOR  
ESTABLISHMENT OF AN EXPERIMENTAL MAIL CLASSIFICATION  
AND FEE SCHEDULE FOR AN ONLINE MAILING SPECIAL SERVICE

(November 19, 1999)

Notice is hereby given that on November 16, 1999, the United States Postal Service filed a Request with the Postal Rate Commission pursuant to Section 3623 of the Postal Reorganization Act, 39 U.S.C. 101 et seq., for a recommended decision on adding a proposed *Mailing Online* service to the *Domestic Mail Classification Schedule* (DMCS) on an experimental basis. The request also incorporates a proposal for the establishment of associated new fees. The request includes attachments and is supported by the testimony of five witnesses. The Postal Service has separately filed two library references in support of this request. The request, attachments, and library references are on file in the Commission docket room and are available for inspection during the Commission's regular business hours. For interested persons who have access to the Internet, the request and related documents are available on the Commission's home page at <http://www.prc.gov>.

*Description of Request.* The proposed *Mailing Online* service would enable individuals and organizations with access to a personal computer and an internet

connection to transmit documents created on their computers to the Postal Service in digital form for printing and entry as mail, paying online in a single transaction. Users would transmit digital document files generated in any of several selected word processing and desktop publishing applications, together with recipient information and other data, to a designated Postal Service site on the World Wide Web. The Postal Service would offer users a number of choices regarding printing and finishing specifications, customization of output by recipient variables in the user's database, and scheduling of a specific mailing date.

Users of the proposed Mailing Online service would be charged existing postage rates for mailing, plus a fee for production and other pre-mailing services. Depending upon the character of the material being sent and the user's service preference, mail pieces generated by the Mailing Online service would be charged postage at either: Express mail next day service and second day service; First-Class mail letters and sealed parcels automation letters basic; First-Class mail letters and sealed parcels automation flats basic; First-Class mail cards automation basic; First-Class mail single-piece priority mail; Standard mail regular automation basic letters; Standard mail regular automation basic flats; Standard mail nonprofit automation basic barcoded (starting on a date to be specified by the Postal Service); Standard mail nonprofit automation basic barcoded flats (starting on a date to be specified by the Postal Service); or single-piece rates for either First-Class mail letters and sealed parcels or First-Class mail cards for non-conforming addresses. Postal Service Request, Attachment A, at 4.

In lieu of specific unit fees for the Mailing Online special service, the Postal Service proposes what might be described as a "cost plus" approach to fee calculation. For the duration of the experiment, the Postal Service proposes that fees be 130 percent times what the Postal Service is charged by printers to prepare the mail piece, plus 0.1 cent per impression to recover other Postal Service costs. Postal Service Request, Attachment B.

*Relationship to Mailing Online Service, PRC Docket No. MC98-1.* The requested Mailing Online Experiment is substantially similar to the Mailing Online Service presented in PRC Docket No. MC98-1. In MC98-1, the Commission recommended and the Postal Service implemented a market test of Mailing Online. The market test ran from October 30, 1998 through October 29, 1999. The Postal Service request for a market test included a request for a Mailing Online Service experiment. The Postal Service Board of Governors directed the withdrawal of the request for experiment on May 3, 1999, because of events that rendered inaccurate the cost foundation underlying the request for the initial Mailing Online Service experiment.

The instant Mailing Online Experiment differs from its predecessor in duration, Internet implementation, options offered, and cost structure. The following are highlights of the proposed differences. The duration of the experiment is for three years as opposed to the two years proposed in MC98-1. The service will be accessed through the USPS.com web site rather than through PostOffice Online. Many of the service options planned for implementation during the original experiment will now be offered at the outset of the Mailing Online experiment. The service may be used with more mail subclasses and rate categories. The proposed mark-up has increased from 125 percent to 130 percent.

*Expedited Consideration of the Request.* The Postal Service request invokes the operation of sections 67 through 67d of the Commission's Rules of Practice and Procedure which provide for expedited consideration of requests for new services or mail classification changes that are experimental in character. See 39 C.F.R. §§ 67-67d. These rules provide for the adoption of streamlined procedures for considering such requests, and require participants to identify the genuine issues of material fact raised by the Postal Service proposal in order to limit formal hearings to those issues. 39 C.F.R. § 3001.67a. They also provide for establishment of a procedural schedule that will allow issuance of a recommended decision within 150 days from any favorable

determination the Commission may make as to the propriety of treating the Postal Service proposal as experimental. 39 C.F.R. § 3001.67d.

The proposed service qualifies for consideration as an experiment, the Postal Service submits, in view of its novelty as an electronic means of presenting documents for entry into the mail; the modest anticipated magnitude of its impact upon postal costs and revenues, and the mailing costs and practices of mail users; and the need to gather information suitable for supporting a request for a permanent mail classification change. Postal Service Request at 4-5.

*Motion for Expedition and Waiver of Certain Provisions.* The Postal Service request is accompanied by a pleading captioned, Motion of the United States Postal Service for Expedition, and for Waiver of Certain Provisions of Rule 161 and Certain Provisions of Rule 64(h). (Motion for Expedition.) In this pleading, the Service asks the Commission to expedite consideration of its request as provided for in the experimental service rules and to issue a decision that would allow the Postal Service's preferred objective of implementing the Mailing Online experiment as soon as mid-April 2000. Pursuant to rule 64(h)(3), the Postal Service also asks to be relieved of the obligation to produce certain information regarding cost and revenue effects of its proposal, on the grounds that its proposal would not change any existing rates or fees, or produce a significant impact upon the cost-revenue relationships of existing postal services. Motion for Expedition at 3-5. Specifically, the Service seeks waiver of rules 54(b)(3) in part, 54(f)(2), 54(f)(3), 54(h), 54(j), and 54(l) in part. Motion for Expedition at 5-6.

*Motion for Designation of Testimony and Cross Examination From Previous Docket as Evidence.* The Postal Service request also is accompanied by a pleading captioned Motion for Designation of Testimony and Cross Examination From Previous Docket as Evidence in Commission Docket No. MC2000-2. In this pleading the Service asks the Commission to admit as record evidence in this docket, the direct testimony and cross examination of witness Rothschild from PRC Docket No. MC98-1. The referenced direct testimony is the Direct Testimony of Beth B. Rothschild on Behalf of

United States Postal Service, PRC Docket No. MC98-1, USPS-T-4. The referenced cross examination testimony is in the Official Transcript of Proceeding, PRC Docket No. MC98-1, Vol. 2, at 428-79.

*Notice of Technical Conference.* The Postal Service request is accompanied by a notice captioned Notice of Technical Conference. In this notice, the Postal Service announces that a technical conference in this proceeding will be held on December 2, 1999 at 1:30 p.m. The conference will be held in the Postal Rate Commission hearing room located at 1333 H Street NW, Suite 300, Washington, DC 20268-0001. The Postal Service plans to have all witnesses and their counsel present. Persons considering intervention are encouraged to attend the technical conference to determine if real issues of fact or policy exist.

*Further Procedures; Filing Address.* Rules 20 and 20a provide that interested persons may intervene in proceedings to consider Postal Service requests by filing a notice of intervention no later than the date fixed for such filing in any notice or order with respect to the proceeding issued by the Commission or its Secretary. Accordingly, anyone wishing to be heard in this matter is directed to file a written notice of intervention with Margaret P. Crenshaw, Secretary of the Commission, 1333 H Street NW, Suite 300, Washington, DC 20268-0001, on or before December 8, 1999. Intended participants should indicate whether they request formal intervention or limited participator status. See 39 C.F.R. §§ 3001.20 and 3001.20a.

With regard to the Postal Service request to establish Mailing Online service as an experimental mail classification, section 67(c) provides that the Commission will entertain representations by participants that the proposal should not be considered as an experiment, and should follow the normal mail classification change procedures. Any participant intending to make such a representation shall do so by pleading no later than December 8, 1999.

In addition, rule 67a(b) requires parties to proceedings in which the Postal Service seeks a classification change it denominates as experimental in character to file

statements of the issues they perceive in the case at the earliest possible time following the filing of the Postal Service request, or following a determination that the proposed change is experimental in character. In view of the Postal Service motion for expeditious consideration of its proposal, participants' statements of issues shall also be due no later than December 16, 1999.

A prehearing conference will be held in this proceeding on the afternoon of Monday, December 13, 1999, at 2:00 p.m. in the Commission's hearing room. Participants should be prepared to discuss what formal procedures, including hearings, may be necessary and appropriate in this docket. In addressing the issue of appropriate procedures in this docket, participants should also be prepared to address the potentially different procedural requirements presented by the Postal Service's proposal and its request for establishment of Mailing Online as an experimental service. If the Commission determines that formal hearings to resolve genuine issues of material fact are required, the presiding officer will establish subsequent procedural dates.

*Representation of the General Public.* In conformance with 39 U.S.C. 3624(a), the Commission designates Ted P. Gerarden, Director of the Commission's Office of the Consumer Advocate (OCA), to represent the interests of the general public in this proceeding. Pursuant to this designation, Mr. Gerarden will direct the activities of Commission personnel assigned to assist him and, when requested, will supply their names for the record. Neither Mr. Gerarden nor any of the assigned personnel will participate in or provide advice on any Commission decision in this proceeding. The OCA shall be separately served with three copies of all filings, in addition to and contemporaneous with, service on the Commission of the 24 copies required by rule 10(c). 39 C.F.R. § 3001.10(c).

It is ordered:

1. The Commission will sit en banc in this proceeding.
2. Notices of intervention shall be filed no later than December 8, 1999.
3. Statements of issues presented by the Postal Service's request in this docket to establish a Mailing Online experimental mail classification in conformance with 39 C.F.R. § 3001.67a(b) shall be filed no later than December 16, 1999.
4. Statements by parties asserting that the proposal should not be considered as an experiment and should follow the normal mail classification change procedures in conformance with 39 C.F.R. § 3001.67 (c) shall be filed no later than December 8, 1999.
5. Answers to the Postal Service's Motion of the United States Postal Service for Expedition, and for Waiver of Certain Provisions of Rule 161 and Certain Provisions of Rule 64(h) are to be submitted no later than December 8, 1999.
6. Answers to the Postal Service's Motion for Designation of Testimony and Cross Examination From Previous Docket as Evidence in Commission Docket No. MC2000-2 are to be submitted no later than December 16, 1999.
7. The Postal Service shall provide, within 10 days, responses to any written discovery requests submitted to it before December 13, 1999.
8. Ted P. Gerarden, Director of the Commission's OCA, is designated to represent the general public.
9. A prehearing conference in this docket shall be held on December 13, 1999, at 2:00 p.m. in the Commission's hearing room.

10. The Secretary shall cause this notice and order to be published in the *Federal Register*.

By the Commission.  
(S E A L)

A handwritten signature in black ink, reading "Margaret P. Crenshaw". The signature is written in a cursive style with a large, sweeping initial "M".

Margaret P. Crenshaw  
Secretary