

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

EXPERIMENTAL "RIDE-ALONG"
CLASSIFICATION CHANGE FOR PERIODICALS, 1999

Docket No. MC2000-1

**NOTICE OF THE UNITED STATES POSTAL SERVICE
CONCERNING DECISION OF THE GOVERNORS**

The United States Postal Service hereby gives notice of the following decision of the Governors in Docket No. MC2000-1:

DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE RECOMMENDED DECISION OF THE POSTAL RATE COMMISSION ON EXPERIMENTAL RIDE-ALONG CLASSIFICATION CHANGE FOR PERIODICALS, DOCKET No. MC2000-1 (FEBRUARY 8, 2000).

A copy of the Governors decision is attached, along with its attachments reflecting the resulting changes to Domestic Mail Classification Schedule § 443 and to Rate Schedules 421, 423.2, 423.3, 423.4. Also attached is the resolution of the United States Postal Service Board of Governors establishing the implementation date for the changes approved by the Governors.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Scott L. Reiter

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February 14, 2000

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE
ON THE RECOMMENDED DECISION OF THE POSTAL RATE COMMISSION
ON EXPERIMENTAL RIDE-ALONG CLASSIFICATION CHANGE FOR PERIODICALS,
DOCKET No. MC2000-1**

February 8, 2000

STATEMENT OF EXPLANATION AND JUSTIFICATION

On February 3, 2000, the Postal Rate Commission issued its Opinion and Recommended Decision in Docket No. MC2000-1. The Commission recommends, as the Postal Service requested, a two-year experiment allowing one qualifying advertising attachment or enclosure to be included ("ride-along") in a Periodicals publication for a flat rate of 10 cents, in addition to the usual postage for the host publication. Currently, advertising enclosures or attachments¹ are charged Standard Mail (A) rates, as if they were separately mailed advertising pieces, even though they are processed as one piece with the publication. It is expected that the more moderate "ride-along" rate will increase postal revenues, more than cover the costs of providing the service, and encourage advertisers and publishers to use this medium.

The Postal Service initiated this proceeding on September 27, 1999, with its Request for a Recommended Decision on an Experimental "Ride-Along" Classification Change for Periodicals. The request filed with the Commission sought to conduct an experiment to determine the effect on Periodicals costs, volumes, and revenues of allowing one ride-along piece per publication.

Following negotiations among the participants in the proceeding, the Postal Service filed, on December 20, 1999, a motion asking the Commission to base its

¹ E.g., printed, supplements, product samples, fabric or plastic sheets, computer disks and CD-ROMs,

recommendation on a Stipulation and Agreement settling all the issues in the case. The Stipulation and Agreement follows the terms of the Postal Service's original request, with the addition of a more detailed data collection plan. The Stipulation and Agreement was signed by all but three of the participants, and no opposition to settlement was expressed by those three.

The Commission's Recommended Decision incorporates the changes to Domestic Mail Classification Schedule § 443.1 and the changes to the Periodicals Rate Schedules that are reflected in the Stipulation and Agreement. The Commission's Opinion that accompanies that Recommended Decision thoroughly describes the background and the settlement proposal adopted by the Commission. We will not repeat those descriptions here.

As a result of the cooperation of all of the participants in settling the issues raised by the Postal Service's request, the Commission was able to issue its recommended decision within the 150 days contemplated by its rules governing the consideration of experimental classification cases. This will allow the Postal Service to implement this experiment expeditiously.

We have concluded that the experimental classification and rate changes recommended by the Postal Rate Commission will help maintain a fair and equitable mail classification system, in accordance with the policies of the Postal Reorganization Act. Therefore, we approve the changes in classification and the associated rate recommended by the Commission.

ESTIMATE OF ANTICIPATED REVENUE

The Postal Reorganization Act requires that our Decision include an estimate of anticipated impact on postal revenues (39 U.S.C. § 3625(e)). The evidentiary record in

the proceeding estimates an annual increase in total revenue of \$10.2 million, with a net increase of approximately \$4.8 million.

ORDER

In accordance with the foregoing Decision of the Governors, the changes in classification set forth in Attachment A hereto and the changes in rates set forth in Attachment B hereto and incorporated herein are hereby approved and ordered into effect. In accordance with Resolution 00-4 of the Board of Governors dated February 8, 2000, the changes will take effect at 12:01 a.m. on February 26, 2000.

By The Governors:

A handwritten signature in black ink, appearing to be "L. J. ...", is written over a horizontal line.

Chairman

DOMESTIC MAIL CLASSIFICATION SCHEDULE

443 Attachments and Enclosures

443.1. General.

* * * *

443.1a "Ride-Along" Attachments and Enclosures. A limit of one Standard Mail piece, not exceeding the weight of the host copy and weighing a maximum of 3.3 ounces, from any of the subclasses listed in section 321 (Regular, Enhanced Carrier Route, Nonprofit or Nonprofit Enhanced Carrier Route) may be attached to or enclosed with an individual copy of Periodicals Mail for an additional postage payment of ten cents. Periodicals containing "Ride-Along" attachments or enclosures must maintain uniform thickness as specified by the Postal Service. The Periodicals piece with the "Ride-Along" must maintain the same shape and automation compatibility as it had before addition of the "Ride-Along" attachment or enclosure and meet other preparation requirements as specified by the Postal Service.

This provision expires on February 26, 2002.

Periodicals

Rate Schedule 421
Regular Subclass^{1,2,12}

	Postage Rate Unit	Rate ³ (cents)
Per Pound		
Nonadvertising Portion:	Pound	16.1
Advertising Portion: ¹¹		
Delivery Office ⁴	Pound	15.5
SCF ⁵	Pound	17.8
1&2	Pound	21.5
3	Pound	22.9
4	Pound	26.3
5	Pound	31.6
6	Pound	37.1
7	Pound	43.8
8	Pound	49.5
Science of Agriculture		
Delivery Office	Pound	11.6
SCF	Pound	13.3
Zones 1&2	Pound	16.1
Per Piece		
Less Nonadvertising Factor ⁶		5.9
Required Preparation ⁷	Piece	29.4
Presorted to 3-digit	Piece	25.3
Presorted to 5-digit	Piece	19.7
Presorted to Carrier Route	Piece	12.2
Discounts:		
Prepared to Delivery Office ⁴	Piece	1.3
Prepared to SCF ⁵	Piece	0.7
High Density ⁸	Piece	1.9
Saturation ⁹	Piece	3.7
Automation Discounts for Automation Compatible Mail ¹⁰		
From Required:		
Prebarcoded letter size	Piece	6.2
Prebarcoded flats	Piece	4.6
From 3-Digit:		
Prebarcoded letter size	Piece	4.7
Prebarcoded flats	Piece	3.9
From 5-Digit:		
Prebarcoded letter size	Piece	3.5
Prebarcoded flats	Piece	2.9

Schedule 421 Notes

- 1** The rates in this schedule also apply to commingled nonsubscriber, non-requester, complimentary, and sample copies in excess of 10 percent allowance in regular-rate, nonprofit, and classroom periodicals.
- 2** Rates do not apply to otherwise regular rate mail that qualifies for the Within County rates in Schedule 423.2.
- 3** Charges are computed by adding the appropriate per-piece charge to the sum of the nonadvertising portion and the advertising portion, as applicable.
- 4** Applies to carrier route (including high density and saturation) mail delivered within the delivery area of the originating post office.
- 5** Applies to mail delivered within the SCF area of the originating SCF office.
- 6** For postage calculations, multiply the proportion of nonadvertising content by this factor and subtract from the applicable piece rate.
- 7** Mail not eligible for carrier-route, 5-digit or 3-digit rates.
- 8** Applicable to high density mail, deducted from carrier route presort rate.
- 9** Applicable to saturation mail, deducted from carrier route presort rate.
- 10** For automation compatible mail meeting applicable Postal Service regulations.
- 11** Not applicable to qualifying Nonprofit and Classroom publications containing 10 percent or less advertising content.
- 12.** For a "Ride-Along" item enclosed with or attached to a periodical, add \$0.10 per copy (experimental).

Periodicals

Rate Schedule 423.2⁵

Within County

(Full Rates)

	Rate ³ (cents)
Per Pound	
General	13.3
Delivery Office ¹	10.7
Per Piece	
Required Presort	9.5
Presorted to 3-digit	8.8
Presorted to 5-digit	8.0
Carrier Route Presort	4.3
Per Piece Discount	
Delivery Office ²	0.4
High Density (formerly 125-Piece)	1.4
Saturation	1.8
Automation Discounts for Automation Compatible Mail ⁴	
From Required:	
Prebarcoded Letter size	4.9
Prebarcoded Flat size	3.0
From 5-digit:	
Prebarcoded Letter size	3.9
Prebarcoded Flat size	2.2

Schedule 423.2 Notes

- 1 Applicable only to carrier route (including high density and saturation) presorted pieces to be delivered within the delivery area of the originating post office.
- 2 Applicable only to carrier presorted pieces to be delivered within the delivery area of the originating post office.
- 3 Applicable to high density mail, deducted from carrier route presort rate. Mailers also may qualify for this discount on an alternative basis as provided in DMCS section 423.83.
- 4 For automation compatible pieces meeting applicable Postal Service regulations.
5. For a "Ride-Along" item enclosed with or attached to a periodical, add \$0.10 per copy (experimental).

Periodicals

Rate Schedule 423.3¹¹

Publications of Authorized Nonprofit Organizations
(Full Rates)

	Postage Rate Unit	Rate ¹ (cents)
Per Pound		
Nonadvertising Portion:	Pound	15.6
Advertising Portion: ⁹		
Delivery Office ²	Pound	15.5
SCF ³	Pound	17.8
1&2	Pound	21.5
3	Pound	22.9
4	Pound	26.3
5	Pound	31.6
6	Pound	37.1
7	Pound	43.8
8	Pound	49.5
Per Piece		
Less Nonadvertising Factor ⁴		4.4
Required Preparation ⁵	Piece	25.1
Presorted to 3-digit	Piece	20.8
Presorted to 5-digit	Piece	18.3
Presorted to Carrier Route	Piece	11.3
Discounts:		
Prepared to Delivery Office ²	Piece	0.7
Prepared to SCF ³	Piece	0.4
High Density (formerly 125-Piece) ⁶	Piece	1.9
Saturation ⁷	Piece	3.7
Automation Discounts for Automation Compatible Mail ⁸		
From Required:		
Prebarcoded letter size	Piece	6.2
Prebarcoded flats	Piece	4.6
From 3-Digit:		
Prebarcoded letter size	Piece	4.7
Prebarcoded flats	Piece	2.4
From 5-Digit:		
Prebarcoded letter size	Piece	3.5
Prebarcoded flats	Piece	2.1

Schedule 423.3 Notes

- 1 Charges are computed by adding the appropriate per-piece charge to the sum of the nonadvertising portion and the advertising portion, as applicable.
- 2 Applies to carrier route (including high density and saturation) mail delivered within the delivery area of the originating post office.
- 3 Applies to mail delivered within the SCF area of the originating SCF office.
- 4 For postage calculations, multiply the proportion of nonadvertising content by this factor and subtract from the applicable piece rate.
- 5 Mail not eligible for carrier-route, 5-digit or 3-digit rates.
- 6 Applicable to high density mail, deducted from carrier route presort rate.
- 7 Applicable to saturation mail, deducted from carrier route presort rate.
- 8 For automation compatible mail meeting applicable Postal Service regulations.
- 9 Not applicable to publications containing 10 percent or less advertising content.
- 10 If qualified, nonprofit publications may use Within County rates for applicable portions of a mailing.
- 11 For a "Ride-Along" item enclosed with or attached to a periodical, add \$0.10 per copy (experimental).

Periodicals

Rate Schedule 423.4^{10,11}
Classroom Publications

	Postage Rate Unit	Rate ¹ (cents)
Per Pound		
Nonadvertising Portion:	Pound	15.6
Advertising Portion: ⁹		
Delivery Office ²	Pound	15.5
SCF ³	Pound	17.8
1&2	Pound	21.5
3	Pound	22.9
4	Pound	26.3
5	Pound	31.6
6	Pound	37.1
7	Pound	43.8
8	Pound	49.5
 Per Piece		
Less Nonadvertising Factor ⁴		4.4
Required Preparation ⁵	Piece	25.1
Presorted to 3-digit	Piece	20.8
Presorted to 5-digit	Piece	18.3
Presorted to Carrier Route	Piece	11.3
Discounts:		
Prepared to Delivery Office ²	Piece	0.7
Prepared to SCF ³	Piece	0.4
High Density (formerly 125-Piece) ⁶	Piece	1.9
Saturation ⁷	Piece	3.7
Automation Discounts for Automation Compatible Mail ⁸		
From Required:		
Prebarcoded letter size	Piece	6.2
Prebarcoded flats	Piece	4.6
From 3-Digit:		
Prebarcoded letter size	Piece	4.7
Prebarcoded flats	Piece	2.4
From 5-Digit:		
Prebarcoded letter size	Piece	3.5
Prebarcoded flats	Piece	2.1

Schedule 423.4 Notes

- 1 Charges are computed by adding the appropriate per-piece charge to the sum of the nonadvertising portion and the advertising portion, as applicable.
- 2 Applies to carrier route (including 125-piece walk sequence and saturation) mail delivered within the delivery area of the originating post office.
- 3 Applies to mail delivered within the SCF area of the originating SCF office.
- 4 For postage calculations, multiply the proportion of nonadvertising content by this factor and subtract from the applicable piece rate.
- 5 Mail not eligible for carrier-route, 5-digit or 3-digit rates.
- 6 For walk sequenced mail in batches of 125 piece or more from carrier route presorted mail.
- 7 Applicable to saturation mail, deducted from carrier route presort rate.
- 8 For automation compatible mail meeting applicable Postal Service regulations.
- 9 Not applicable to publications containing 10 percent or less advertising content.
- 10 If qualified, classroom publications may use Within County rates for applicable portions of a mailing.
- 11 For a "Ride-Along" item enclosed with or attached to a periodical, add \$0.10 per copy (experimental).

RESOLUTION OF THE BOARD OF GOVERNORS

OF THE

UNITED STATES POSTAL SERVICE

Resolution No. 00-4

Effective Date of New Classification

RESOLVED:

Pursuant to section 3625(f) of Title 39, United States Code, the Board of Governors determines that the classification and fees that were ordered to be placed into effect by the Decision of the Governors adopted on February 8, 2000, shall become effective at 12:01 a.m. on February 26, 2000.

The foregoing Resolution was adopted by the Board of Governors on February 8, 2000.


Secretary

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in black ink, appearing to read "Scott L. Reiter", is written over a solid horizontal line.

Scott L. Reiter

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