

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

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POSTAL RATE COMMISSION  
OFFICE OF THE CLERK

MAILING ONLINE EXPERIMENT

Docket No. MC2000-2

## STIPULATION AND AGREEMENT

This Stipulation and Agreement is submitted pursuant to Rule 29 of the Rules of Practice and Procedure of the Postal Rate Commission, 39 C.F.R. § 3001.29, by and between the undersigned participants or through their respective attorneys. It is a negotiated settlement of certain issues raised in the above-captioned docket. The undersigned participants hereby stipulate and agree to the following:

### I. BACKGROUND

On November 16, 1999, pursuant to 39 U.S.C. § 3623, the United States Postal Service filed with the Postal Rate Commission a request for a decision recommending an experimental classification and fee schedule for Mailing Online service. The request was designated as Docket No. MC2000-2 by the Commission.

### II. TERMS AND CONDITIONS

1. This Stipulation and Agreement represents a negotiated settlement of all issues related to the changes in the Domestic Mail Classification Schedule and Rate Schedules proposed in this Docket.
2. The undersigned participants agree, for purposes of this proceeding only, that the testimonies and designated written cross-examination of witness Plunkett (USPS-T-1 and USPS-T-5) provide substantial evidence justifying a recommendation of the

changes to Domestic Mail Classification Schedule (DMCS) §§ 160, 221.31(a), 222.41(a), 321.231(a), 321.431(a), 364, 365, and 980 and Rate Schedules 221 and 222, shown in the Attachment to this Stipulation and Agreement. These are the changes originally requested by the Postal Service, as modified by the addition of language related to functionally equivalent services provided to the Commission in response to Notice of Inquiry No. 1 on February 10, 2000. This stipulation and agreement does not cover the changes proposed by the Postal Service in Fee Schedule 981.

3. On the basis of such record, for purposes of this proceeding only, the undersigned participants stipulate that the changes set forth in the Attachment to this Stipulation and Agreement are in accordance with the polices of title 39, United States Code, and in particular, the criteria and factors of 39 U.S.C. § 3622 and 3623.

4. This Stipulation and Agreement is offered in total and final settlement of all issues related to changes in the Domestic Mail Classification Schedule sections and Rate Schedule provisions referenced above. The undersigned participants agree that they will file no further pleadings or testimony with the Commission in this proceeding with regard to these issues, with the exception of: (a) pleadings or testimony explicitly requested by the Commission or in reply to such pleadings; (b) pleadings or testimony opposing pleadings or testimony filed in opposition to this Stipulation and Agreement; or (c) pleadings, testimony or comments in support of this Stipulation and Agreement.

5. If the Commission adopts a Recommended Decision that deviates from the language proposed in this Stipulation and Agreement, or if the Governors of the Postal Service fail to approve the Commission's Recommended Decision adopting the

experimental classification and rate as proposed by the Postal Service, then each signatory reserves the right to withdraw from this Stipulation and Agreement. Any signatory withdrawing under the terms of this paragraph must provide written notice of this fact to all participants within five (5) business days of the occurrence of the specific event giving rise to the right to withdraw. Any exercise of such right by one or more signatories shall not affect the operation of this Stipulation and Agreement as to other signatories.

6. This Stipulation and Agreement pertains only to the instant proceeding. The undersigned participants shall not be considered as necessarily agreeing with or conceding the applicability of any principle, or any method of classification or terms and conditions of service, or any method of ratemaking or cost of service determination, or design of rate or fee schedule or terms and conditions of service, or the application of any rule or interpretation of law, that may underlie, or be thought to underlie, this Stipulation and Agreement.

7. In any future negotiation or proceeding (other than any proceedings involving the honoring, enforcement, or construction of this Stipulation and Agreement), the undersigned participants shall not be bound or prejudiced by this Stipulation and Agreement, nor shall any participant rely for any purpose on the fact that another participant entered into or did not oppose this Stipulation and Agreement. The undersigned participants also agree that, to the extent that matters presented in the Docket No. MC2000-2 Request, in any Commission Recommended Decision on that Request, or in any decision of the Governors of the Postal Service in this proceeding

have not actually been litigated, the resolution of such matters will not be entitled to precedential effect in any other proceeding.

8. As fully stated above, the agreement of the undersigned participants is intended to relate exclusively to the specific experimental Mailing Online classification changes reflected in the proposed experimental Domestic Mail Classification Schedule sections and Rate Schedule provisions attached hereto, and is not intended to bind or prejudice those participants on any other issue in this proceeding or in any other proceeding. This understanding of the intended consequences of the agreement applies equally to all constituent parts of the agreement.

9. The undersigned participants request that when the Commission issues its recommended decision in this Docket that it recommend adoption of the experimental Domestic Mail Classification Schedule sections and Rate Schedule provisions appended to this Stipulation and Agreement.

10. This Stipulation and Agreement represents the entire agreement of the signatories with regard to issues related to the affected Domestic Mail Classification Schedule sections and Rate Schedule provisions, and supersedes any understandings or representations not contained herein, with the exception of the commentary on these provisions provided by the Postal Service in its response of February 10, 2000, to the Commission's Notice of Inquiry No. 1.

\* Signature pages are attached.

**ATTACHMENT TO STIPULATION AND AGREEMENT**

**EXPRESS MAIL  
CLASSIFICATION SCHEDULE**

\* \* \* \* \*

160

\* \* \* \* \*

e. Mailing Online 981

**FIRST-CLASS MAIL  
CLASSIFICATION SCHEDULE**

\* \* \* \* \*

PRESERVE with indicated change:

[221.31

\* \* \* \* \*

a. Is prepared in a mailing of at least 500 pieces, or is provided for entry as mail using Mailing Online or a functionally equivalent service, pursuant to section 981;

\* \* \* \* \*

222.41

\* \* \* \* \*

a. Is prepared in a mailing of at least 500 pieces, or is provided for entry as mail using Mailing Online or a functionally equivalent service, pursuant to section 981;

\* \* \* \* \*

PRESERVE:

[260

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

\* \* \* \* \*

i. Mailing Online 981]

**STANDARD MAIL  
CLASSIFICATION SCHEDULE**

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PRESERVE with indicated change:

[321.231 a. Is prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces, or is provided for entry as mail using Mailing Online or a functionally equivalent service, pursuant to section 981;]

\*\*\*\*\*

321.431 a. Is prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces, or is provided for entry as mail using Mailing Online or a functionally equivalent service, pursuant to section 981;

\*\*\*\*\*

**364 Regular**

~~The following service may be obtained in conjunction with mail sent under this classification schedule upon payment of the appropriate fees:~~ Regular subclass mail will receive the following additional services upon payment of the appropriate fees:

<b>Service</b>	<b>Schedule</b>
a. Mailing Online	981

**365 Nonprofit**

Nonprofit subclass mail will receive the following additional services upon payment of the appropriate fees:

<b><u>Service</u></b>	<b><u>Schedule</u></b>
a. <u>Mailing Online (starting on a date to be specified by the Postal Service)</u>	<u>981</u>

**SPECIAL SERVICES  
CLASSIFICATION SCHEDULE**

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**980 ACCEPTANCE ALTERNATIVES**

**981 MAILING ONLINE**

**981.1 Definition**

981.1 Mailing Online is a service that allows mailers to submit electronic documents, with address lists, for subsequent conversion into hard copy form, entry as mail, and delivery.

**981.2 Description of Service Availability**

981.21 Mailing Online is available for documents submitted in an electronic form, along with an address list, to be entered under the following classification schedules:

a. Express Mail;

~~a.b.~~ First-Class Mail;

~~b.c.~~ Regular and Nonprofit subclasses of Standard Mail.

981.22 Except as provided in section 981.23, dDocuments presented through Mailing Online are eligible for only the following rate categories:

a. Express Mail Next Day Service and Second Day Service

~~a.b.~~ First-Class Mail Letters and Sealed Parcels Automation Letters Basic

~~b.c.~~ First-Class Mail Letters and Sealed Parcels Automation Flats Basic

d. First-Class Mail Cards Automation Basic

e. First-Class Mail Single-Piece Priority Mail

~~e.f.~~ Standard Mail Regular Automation Basic Letters

~~e.g.~~ Standard Mail Regular Automation Basic Flats

h. Standard Mail Nonprofit Automation Basic Barcoded (starting on a date to be specified by the Postal Service)

i. Standard Mail Nonprofit Automation Basic Barcoded Flats (starting on a date to be specified by the Postal Service)

981.23 That portion of a Mailing Online mailing consisting of addresses that cannot be made to meet Postal Service addressing requirements is not eligible for any Automation Basic rate categories, but instead may be sent, at the option of the Mailing Online customer, at single-piece rates for First-Class Mail Letters and Sealed Parcels or First-Class Mail Cards.

**981.3 Requirements of the Mailer**

981.31 Documents and address lists must be presented in electronic form, as specified by the Postal Service, through the ~~Postal Service's Mailing Online~~ internet site specified by the Postal Service. Documents must be prepared using application software approved by the Postal Service.

**981.4 Other Special Services**

Other special services that are available in conjunction with the subclass of mail chosen by the Mailing Online customer are available for Mailing Online pieces only as specified by the Postal Service.

**981.45 Fees**

981.451 The fees for Mailing Online ~~service~~ are described in Fee Schedule 981.

**981.6 Functionally Equivalent Systems**

981.61 **General.** Mailpieces created by a system certified by the Postal Service to be functionally equivalent to Mailing Online are eligible for the same rate categories as Mailing Online mailpieces. Mailpieces created by a certified, functionally equivalent service are in no case eligible for rate categories providing larger discounts than Mailing Online mailpieces would receive.

981.62 **Definition.** A functionally equivalent system is one which is capable of all of the following, comparable to Mailing Online, as specified by the Postal Service:

- a. accepting documents and mailing lists from remote users in electronic form, such as via the Internet, or converting documents and mailing lists to electronic form;
- b. using the electronic documents, mailing lists, and other software including sortation software certified by the Postal Service that sorts to the finest level of sortation possible, to create barcoded mailpieces meeting the requirements for automation category mail, with 100 percent standardized addresses on all pieces claiming discounted rates;
- c. commingling mailpieces from all sources without diversion to any other system and batching them according to geographic destination prior to printing and mailing; and
- d. generating volumes that exceed on average any otherwise applicable volume minimums.



**981.63 Certification**

**981.631 General. Functionally equivalent systems must meet the requirements for certification specified by the Postal Service.**

**981.632 Fee. Functionally equivalent systems are subject to the annual certification fee set forth in Fee Schedule 981.**

**981.633 Cancellation. Certification can be cancelled by the Postal Service for failure to continue to meet the requirements of this section and those specified by the Postal Service.**

**981.567 Duration of Experimental Service Period**

**981.5671 The provisions of schedule 981 expire the later of:**

- (a) three years after the implementation date specified by the Postal Service Board of Governors, or**
- (b) if, by the expiration date specified in (a), a proposal to make Mailing Online permanent is pending before the Postal Rate Commission, the later of:**
  - (1) three months after the Commission takes action on such proposal under section 3624 of Title 39, or**
  - (2) – if applicable – on the implementation date for a permanent Mailing Online.**

**FIRST-CLASS MAIL  
SCHEDULE 221 NOTES**

\* \* \* \* \*

**PRESERVE (with indicated changes):**

[<sup>3</sup> Rates apply to bulk-entered mailings of at least 500 letter-size pieces, which must be delivery point barcoded and meet other preparation requirements specified by the Postal Service and, for the Basic Presort rate, documents provided for entry as mail using Mailing Online or a functionally equivalent service, pursuant to section ~~Fee Schedule~~ 981.]

[<sup>8</sup> Rates apply to bulk-entered mailings of at least 500 flat-size pieces, each of which must be delivery point barcoded or bear a ZIP+4 barcode, and must meet other preparation requirements specified by the Postal Service, and, for the Basic Presort rate, to documents provided for entry as mail using Mailing Online or a functionally equivalent service, pursuant to section ~~Fee Schedule~~ 981.]

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**FIRST-CLASS MAIL  
SCHEDULE 222 NOTES**

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<sup>2</sup> Rates apply to bulk-entered mailings of at least 500 pieces, which must be barcoded and meet other preparation requirements specified by the Postal Service, and, for the Basic Presort rate, to documents provided for entry as mail using Mailing Online or a functionally equivalent service, pursuant to section 981.

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**SIGNATURE PAGE FOR STIPULATION AND AGREEMENT**

*for* 

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking  
United States Postal Service

February 24, 2000

Date

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POSTAL RATE COMMISSION  
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SIGNATURE PAGE FOR STIPULATION AND AGREEMENT

Pitney Bowes  
Name of Participant

2-24-2000  
Date

[Signature]  
[Signature of Representative]

