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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

ORDER NO. 1291

UNITED STATES OF AMERICA  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

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

Postal Rate and Fee Changes

Docket No. R2000-1

ORDER DIRECTING WITNESSES TO  
BE PREPARED TO ANSWER QUESTIONS

(Issued April 6, 2000)

On April 5, 2000, the Postal Service announced the inauguration of eBillPay service. To provide context for this order, a newspaper report of this announcement is attached.

On April 11, hearings begin for the receipt of Postal Service testimony in support of its Request for Rate and Fee Changes designed to enable it to break even in the test period Fiscal Year 2001. The Commission is concerned about whether eBillPay will have a material impact on Postal Service revenues and costs in that test year, and whether those impacts are accurately reflected in the Postal Service's Request.

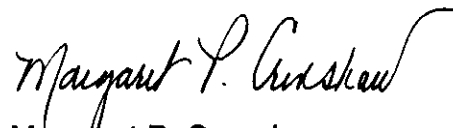
Postal Service witnesses should be prepared to respond to questions on these topics.

It is ordered:

Postal Service witnesses should be prepared to answer questions concerning the impact of eBillPay on test year volumes, revenues, and costs.

By the Commission.

(SEAL)

A handwritten signature in black ink, reading "Margaret P. Crenshaw". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Margaret P. Crenshaw  
Secretary



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## Postal Service Unveils E-Payment Program

### Agency Partners With 2 Internet Firms

*By Stephen Barr*

Washington Post Staff Writer

Thursday, April 6, 2000; Page E02

Fearful of losing a substantial chunk of first-class mail revenue to the Internet in coming years, the U.S. Postal Service teamed up yesterday with two private-sector partners and launched a new program that allows consumers to pay their bills by computer.

The new offering, called eBillPay, lets consumers receive and pay bills electronically through the Postal Service Web site. If a company does not accept electronic payments, eBillPay will issue a paper check and send it through the mail.

The Postal Service selected CheckFree Corp., which handles about 80 percent of online bill paying in the United States, to operate the new program. YourAccounts.Com, a division of Output Technology Solutions, will provide electronic and print services to large commercial customers.

Postmaster General William J. Henderson, CheckFree founder Peter J. Kight and Output Technology President Randy Lintecum announced the new service at postal headquarters. "This is a seminal event for the electronic marketplace," Kight said.

Kight and Lintecum declined to say how much money they expect to make from eBillPay, but Henderson said he expects the venture to turn a profit of \$400 million for the Postal Service in 2004.

Although analysts estimate no more than 5 percent of consumers pay some or all of their bills electronically, dozens of banks, credit card and dot-com companies are gearing up to provide electronic bill services. They are

betting Americans will find it convenient and that businesses will find electronic billing a way to cut operating costs.

The Postal Service could be a big loser if the transition takes place. Henderson fears the post office could lose as much as \$17 billion worth of first-class mail to e-commerce competition in coming years. That would represent a substantial loss for the Postal Service, which takes in about \$65 billion in revenue each year.

But the Postal Service's foray into electronic billing will likely face some scrutiny. The launch of the new service comes at a time when the Postal Service has petitioned for a postage rate increase in 2001 and will be forced to justify its business decisions before an independent commission.

"I wouldn't be surprised if current bill payment service providers would not be critical of the decision of the Postal Service to enter this business," said Elliot McEntee, president of NACHA, an electronic payments association in Herndon.

MasterCard International Inc. Vice President Cathleen Conforti said, "The research I've seen shows that consumers want to get the majority of their bills online and the preferable place is the bank Web site. . . . You don't traditionally think of the Postal Service for paying your bills."

Henderson and Stephen M. Kearney, the Postal Service's vice president for e-payments, said they hope to boost eBillPay by getting the nation's 38,000 post offices to pay suppliers and utilities through the new electronic portal—about \$16 billion worth of business. Officials also will urge the approximately 800,000 postal employees to enroll in the program.

The Postal Service said new customers get to use eBillPay free for the first six months. After the introductory period, customers will be charged a fee for using the service.

Users can enroll in a "pay everyone" plan for \$6 a month (20 payments and 40 cents for each additional payment) or a \$2-a-month "pay as you go" plan (40 cents for each electronic payment).

No standard fees for such services have emerged in the

private sector. Some banks provide the service for free, while other providers charge a monthly fee or a transaction fee.

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