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

POSTAL TATE CONTROL ACT OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

MOTION OF THE UNITED STATES POSTAL SERVICE SUBMITTING STIPULATION AND AGREEMENT AND FOR THE ESTABLISHMENT OF A PRELIMINARY PROCEDURAL MECHANISM AND SCHEDULE (December 17, 2001)

The Postal Service hereby submits for consideration and further proceedings a Stipulation and Agreement for settlement of the instant docket. The Postal Service offers this agreement for signature by participants, and proposes that it provide the basis of a Commission Recommended Decision, in accordance with 39 U.S.C. §§ 3622 and 3623. As discussed below, the Postal Service also moves that the Commission adopt preliminary procedures and a schedule governing further proceedings related to settlement. Lastly, the Postal Service requests that the Presiding Officer seek comments from participants on the appropriate approach to supplementing and updating the record, in the event settlement should fail.

On October 25, 2001, during the Prehearing Conference in this docket, the Presiding Officer directed the participants to consider the possibilities for settlement.

Noting the extraordinary events of the past several weeks, and the potential effects that changed circumstances might have on the Postal Service's Request for a Recommended Decision, Chairman Omas requested all participants to consider whether substantial agreement on issues and objectives might permit a beneficial resolution of the current proceeding. He asked the intervenors to consider his remarks

within the next few days, and asked the Postal Service to consult with them and report on whether a settlement might be possible. In suggesting settlement, Chairman Omas emphasized that, if no preferred alternatives were forthcoming, the Commission was prepared to deal in conventional ways with the situation that had developed in the aftermath of the terrorist attacks of September 11, and in light of the effects of those events, and the effects of other developments since the filing of the Postal Service's Request. In this regard, he noted that, in previous cases, the Commission had taken account of actual data and developments occurring during the litigation of the proceedings. He pointed out, however, that a primary objective was to find the "best way to assure that the Postal Service gets through the current crisis intact." He summarized by saying,

None of us wants to be here in May arguing about this case, knowing that the Postal Service is at risk, and is preparing to file an additional request to make up for losses incurred while this docket was going forward. I urge all participants to recognize that extraordinary times warrant extraordinary acts.

Id. at 4.

On October 26 and November 16, 2001, the Postal Service and other interested parties and the Office of the Consumer Advocate (OCA) participated in two general settlement conferences at Postal Service Headquarters. During the conferences, the Postal Service, the OCA, and a broad spectrum of intervenors discussed numerous

¹ "Portion of Statement of Vice Chairman Omas, Postal Rate Commission Prehearing Conference, October 25, 2001," Docket No. R2001-1 (distributed by the Commission, Oct. 25, 2001) (hereinafter Chairman Omas Statement).

² Notice of the United States Postal Service Regarding Informal Settlement (continued...)

issues pertaining to the Postal Service's Request and proposals, as the possible bases for a joint settlement agreement. After both informal conferences, the Postal Service met and consulted with numerous intervenors individually and in smaller groups to discuss settlement.

The Postal Service wishes to thank the Chairman and all parties involved in the settlement discussions up to this point. The Chairman has shown significant wisdom and initiative in proposing an alternative path in this case to meeting the financial and other needs of the Postal Service, its customers and competitors, and the public. The parties involved in negotiations have conducted themselves professionally and have exhibited substantial understanding and cooperation in these "extraordinary times."

Understandably, we have not all always agreed. Mailers and competitors have substantial economic interests in postal rates, fees, and classifications that are not easy to reconcile in the context of postal rate litigation. More importantly, all American businesses are feeling the effects of economic adversities that have been amplified and complicated by the terrorist attacks and related events. In other words, these are not easy times for anyone. Nevertheless, all interested parties have acted in a good faith spirit of cooperation that has been very helpful to these efforts.

After much discussion and balancing of conflicting interests, the Postal Service has arrived at a basic settlement proposal that we believe conforms to the Chairman's expectations regarding the least complicated and most direct way to deal with the

⁽continued...)

Conference, Docket No. R2001-1 (Oct. 26, 2001); Notice of the United States Postal Service Regarding Informal Settlement Conference, Docket No. R2001-1 (Oct. 26, 2001).

Postal Service's Request in this docket. The proposed settlement agreement, with which the Postal Service's Board of Governors has concurred, essentially embodies the Postal Service's original proposals for rate, fee, and classification changes. We have departed in relatively minor ways from those proposals in several respects, based on our settlement discussions with intervenors, our assessments of financial need, the prospects for obtaining agreement from the broadest base of participants, and the challenges and opportunities facing the Postal Service in the future.

We believe that all interested parties have had a fair opportunity to participate in the settlement process, and we have not failed to consider any proposal. Even those proposals and positions that the Postal Service ultimately concluded could not be reconciled with its own needs and policies have been given serious consideration.

Furthermore, the Postal Service will consider, for future action, meritorious proposals suggested by participants that it has not incorporated in the settlement agreement here. Of greatest importance in this regard have been the parties' views urging the Postal Service to defer the filing of the next rate proceeding as long as possible. While that goal is consistent with policies that have been expressed by postal management and the Board of Governors in the past, any commitment regarding the timing and nature of subsequent rate cases would be premature. Nevertheless, the Postal Service intends to seriously consider all suggestions for future action, and will pursue the course that is most appropriate in light of its financial and other needs, as well as the needs of the mailing public.

The other major element of the Postal Service's settlement position consists of its decision to implement changes no sooner than June 2, 2002. Numerous parties

advocated later dates. The Postal Service concluded, however, that settlement on the basis of the Postal Service's original proposals would only make sense, if implementation were possible significantly in advance of the earliest that implementation could have taken place under a normal, 10-month case. It reached this conclusion in light of the certainty that its proposed rate and fee changes have been overtaken substantially by the need for a more realistic revenue requirement. In particular, waiting to implement until October or November of 2002 – the preference most commonly expressed by many intervenors during initial negotiations – offered virtually no benefits to the Postal Service. Implementation no sooner than June 2, furthermore, while it would provide additional revenues approximately four months prior to expected implementation in a normal case, will nevertheless present a major challenge in future months, if current trends continue or worsen. In this regard, the Postal Service believes that the proposed settlement agreement strikes an acceptable, but not risk-free, balance among conflicting objectives.

Historically, implementation of proposed rates and fees no more than four months prior to the beginning of the test period is within the scope of practice that has been followed in the past. Furthermore, as it has in the past, when the rates are adopted, the Board of Governors has the authority to conclude that a later implementation would be consistent with operational needs and the Postal Service's financial situation at that time.

Chairman Omas suggested that, in evaluating settlement options, the Postal Service "consider steps it could take to ease the impact of large increases and minimize disruption." Omas Statement at 4. In this regard, the Postal Service carefully evaluated

a proposal that it consider phasing implementation of rate and fee increases. The Postal Service concluded, however, that in the current context, the merits of that approach were outweighed by other important considerations. First, the proposed overall rate increases in the current proceeding, while larger than those produced in the most recent two cases, are relatively moderate in historical perspective. Second, at the crux of the Postal Service's immediate financial needs lie increased financial requirements during FY 2002, as a result of unforeseen expenses, impaired volume and revenue performance, and the critical need to ensure appropriate levels of investment. Finally, in electing to implement no sooner than June 2, rather than earlier, the Postal Service believes that its settlement proposal has already struck a balance that considers mailers' financial situations. Admittedly, it may not be a perfect solution for everyone, but the Postal Service has concluded that it is the most prudent in current circumstances.

Unlike in previous attempts to settle omnibus rate proceedings, the Postal Service is filing the Stipulation and Agreement today with only its signature attached. This approach is the product of the timing of the current settlement effort, rather than preference.³ Frankly, the Postal Service did not anticipate that settlement might be an option in the current situation. While it has made substantial progress in the last few

³ Settlement has been attempted in two prior general rate cases. In Docket No. R74-1, efforts to settle were not begun until after the proceeding had already been pending for a year, and the hearings had already been concluded. In Docket No. R94-1, settlement was an integral objective with the filing of the case, but many of the compromises embodied in the settlement agreement were negotiated prior to filing, and were incorporated in the Postal Service's original proposals. Furthermore, those proposals were streamlined, involving a widely supported, but simplistic, across-the-board rate (continued...)

weeks in negotiations and discussions with intervenors, delays on all sides have impeded more rapid development of settlement. In particular, the unpredictable nature and immense challenges of recent events have made substantial demands on the time and attentions of all participants, including postal management and the Board of Governors.

As a consequence, the Postal Service has not had the time to assemble signatures prior to filing the Stipulation and Agreement. Rather, pursuant to a directive from its Board of Governors,⁴ the Postal Service is requesting intervenors who intend to settle to transmit signature pages to the Postal Service by December 28. The Postal Service will file the signatures with the Commission.

The Postal Service is reasonably optimistic that a majority of participants in Docket No. R2001-1 will appreciate the logic of settlement, and will adhere to the agreement. Nonetheless, at present it has been informed that many intervenors are still undecided. ⁵ In this situation, it is proposing a preliminary procedure and schedule calculated to lead to the issuance of a procedural mechanism and schedule for further proceedings. If settlement results in supplanting the full scope of proceedings, these will be needed to facilitate consideration of the views of any parties opposing settlement, and to expedite proceedings, consistent with the terms of the Stipulation and

(continued...)

⁽continued...)

increase, a moderate (for that time) 10.3 percent revenue requirement proposal, and no proposed classification changes.

⁴ At its December meeting, the Board of Governors directed the Postal Service to seek from parties a commitment to settlement, one way or another, by December 28. ⁵ Given the accelerated timing of these settlement efforts, it may be difficult for all

parties, particularly associations that must poll their memberships, to meet the

Agreement. The proposed preliminary procedure and schedule consists of the following elements:

1. The Presiding Officer should establish January 18, 2002, as the deadline for parties not signing the Stipulation and Agreement to give notice of their intentions to oppose settlement. At that time, the parties electing to oppose should identify specifically all issues on which they intend to challenge the Postal Service, and to describe generally what testimony they intend to file as their cases-in-chief. Under the terms of the Stipulation and Agreement, signatories will be prohibited from filing pleadings or testimony opposing the settlement in whole or in part, or advocating that the Commission make recommendations other than those embodied in the Stipulation and Agreement.

By proposing that parties be afforded until after the completion of scheduled hearings to consider the Postal Service's direct case, the Postal Service hopes to avoid part of the controversy associated with the proposed procedural mechanism for settlement in Docket No. R94-1.⁶ In that case, several parties objected to the requirement that they state what parts of the settlement proposals – which were identical to the Postal Service's filing – they intended to challenge, before the completion of discovery, and before

⁽continued...)

December 28 target for signing. The Postal Service would urge parties to try to decide by that date.

hearings had been conducted to cross-examine the Postal Service's witnesses. The Commission resolved the opposition by permitting parties to continue discovery against the Postal Service's direct case and to proceed through hearings, before giving notice of opposition to settlement. Order No. 1015, at 7-8, 10.

In Docket No. R94-1, the Commission did not require statements of opposition to settlement and identification of issues of material fact until after intervenors had filed their direct cases. In the current situation, the Postal Service is proposing earlier notice, but after completion of discovery and hearings against the Postal Service. We believe that such earlier notice is justified and would not strain the due process rights of parties who might oppose settlement. Discovery against the Postal Service was fully conducted almost from the week after filing in September to the end of November, for the first stage of Postal Service witnesses, and until December 10, for the second stage. By the time they are completed, hearings to consider the Postal Service's case will have spanned more than a month. The proposed settlement, which is mostly identical with the Postal Service's filing, will have been before the parties for a month, and parties adhering to settlement will have already signed. Even if a detailed description of the testimony they expected to file were not possible, any non-signatory who expected to oppose

(continued...)

⁶ See Order Establishing Procedural Mechanisms Concerning Settlement, Order No. (continued...)

settlement should have decided to do so by then anyway, just as any party who expected to file testimony on January 30, under the current schedule of proceedings – which will not be suspended until a superceding schedule is issued – should have already made that decision.

2. The Presiding Officer should establish a deadline of January 21, 2002, for parties to propose a new procedural mechanism and schedule to consider testimony filed challenging the settlement. Replies would be permitted no later than January 28, 2002. Presumably, the new schedule would supplant the existing schedule for conduct of the case up to the Commission's Recommended Decision, and would provide an expedited path to enable the Commission to issue its recommendations in time to implement by June 2, 2002, in the event the Commission decides to accept the nonunanimous settlement. The Postal Service believes that this requirement is justified by the need for expedition in the current case. The logic of settlement only holds for the Postal Service, if it is able to implement rate and fee changes significantly in advance of the time it would be able to implement them if the case were fully litigate'd. In order to implement by June 2, 2002, the Postal Service estimates that the Commission would have to issue a Recommended Decision based on the settlement agreement by March 25, 2002. The Stipulation and Agreement incorporates that date as a condition for

⁽continued...) 1015, Docket No. R94-1 (May 17, 1994).

withdrawal from the agreement, in the event the Commission has not issued its Recommended Decision.

If the settlement is likely to fail because its terms are not capable of being achieved in the time available, the Postal Service must take measures at once to ensure that the record reflects its need for a more realistic revenue requirement, as suggested by Chairman Omas. Requiring parties to propose procedures and a schedule the Monday after non-signing parties give notice of intention to oppose settlement is therefore reasonable within the context of the need for expedition. Allowing one week for replies is also reasonable.

3. The Presiding Officer should issue an order establishing a procedural mechanism and schedule no later than January 31, 2002. The Stipulation and Agreement conditions the right to withdraw from settlement on the issuance of a procedural schedule to consider opposition by January 31. In light of this provision, the Postal Service considers it critical that this deadline be established. It is justified and reasonable in light of the need for expedition, as explained above.

Furthermore, the Stipulation and Agreement also provides for voluntary withdrawal from the settlement agreement on February 4, 2001, if the condition regarding a procedural schedule is not met, or if any signatory, including the Postal Service, determines that continued adherence to the

settlement agreement is not in its interests.⁷ The Postal Service considers this escape mechanism to be important, in light of the objectives contemplated when Chairman Omas first proposed settlement. The extraordinary events of September 11 and the following months created a set of circumstances affecting the national economy and the Postal Service's financial needs in ways not anticipated in the current filing. Settlement was seen as a way to expedite meeting those needs by permitting implementation of rate increases earlier than would have been possible under a 10-month rate case. The alternative to settlement was perceived to be a complicated effort to supplement and update the record to incorporate the effects of actual experience and changed financial projections, in order to reflect more realistically the Postal Service's revenue requirement. Issuance by the Presiding Officer of procedures and a schedule to deal with oppositions to settlement amounts to pivotal information that will permit the Postal Service to determine whether a workable settlement can be accomplished...

4. Finally, the Postal Service requests that the Presiding Officer act expeditiously to request comments from participants concerning the process of correcting and updating the record,in order to account for actual information that has become available since the filing of the Postal Service's Request, as well as to account for the consequences of the dramatically

⁷ Under the Stipulation and Agreement, parties other than the Postal Service wishing to withdraw from the agreement on February 4 must give notice of withdrawal on January (continued...)

changed circumstances that have developed in the last several months.

Chairman Omas's remarks at the Prehearing Conference make clear the

Commission's expectation that, if settlement should fail, such an inquiry could
be conducted. As noted above, supplementing and updating the record
would be a complicated and time-consuming effort for which specialized
procedures would have to be formulated. The process of establishing those
procedures, in case they should prove to be necessary, should begin at once.

Comments from all interested parties on the appropriate approach and limits
would be a good place to start.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

⁽continued...)

^{31.} Any ruling establishing procedures should incorporate this condition.

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

Postal Rate and Fee Changes, 2001

Docket No. R2001-1

STIPULATION AND AGREEMENT

This Stipulation and Agreement is submitted pursuant to Rule 29 of the Postal Rate Commission's Rules of Practice and Procedure, by and between the undersigned parties, through their respective attorneys, and represents a negotiated settlement of the Postal Service's Request for recommendations on changes of postal rates, fees, and classifications. The undersigned parties hereby stipulate and agree to the following:

I. BACKGROUND

On September 24, 2001, the Postal Service filed with the Postal Rate

Commission a Request for a recommended decision on new rates and fees, pursuant
to 39 U.S.C. § 3622(a). The Postal Service's Request was based on cost, volume and
revenue projections using FY 2000 as a Base Year, and a Test Year running from

October 1, 2002 through September 30, 2003. The Postal Service proposed rate and
fee increases for existing classes of mail and special services, and proposed changes
in the Domestic Mail Classification Schedule (DMCS). The Postal Service's Request
was supported by the written direct testimonies of 40 witnesses and numerous other
documents submitted pursuant to the Commission's Rules.

On September 26, 2001, the Commission issued Order Nos. 1324 and 1325

noticing the Postal Service's Request and designating the instant proceeding as Docket No. R2001-1. The Commission gave interested parties until October 24, 2001, to intervene in the proceeding. Shelley S. Dreifuss, Acting Director of the Office of the Consumer Advocate, was designated as the representative of the general public. Fifty-eight parties have intervened in this proceeding.

On October 25, 2001, during the Prehearing Conference, the Presiding Officer directed the participants to consider the possibilities for settlement. Noting the extraordinary national events experienced during September, and the potential effects that changed circumstances might have on the Postal Service's Request, Chairman Omas requested all participants to consider whether substantial agreement on issues and objectives might permit a beneficial resolution of the proceeding. He asked the intervenors to consider his remarks, and asked the Postal Service to consult with them and report on whether a settlement might be possible.

Counsel for the Postal Service, the Office of the Consumer Advocate, and participating intervenors have discussed the issues presented by this case at conferences, on October 30, and November 16, 2001, to which all intervenors and the Office of the Consumer Advocate were invited. The Postal Service has also consulted with intervenors individually and in smaller groups. The undersigned parties believe that this case can be completed most expeditiously and economically, if the Commission adopts this Stipulation and Agreement as the basis for its recommended decision to the Governors.

II. TERMS AND CONDITIONS

1. Settlement discussions open to all participants have been held concerning

the matters provided for herein.

- 2. This Stipulation and Agreement represents a negotiated settlement of the Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services, filed September 24, 2001.
- 3. For purposes of this proceeding only, the undersigned parties agree that, taken in their entirety, the Request, testimony, and materials filed on behalf of the Postal Service in this docket provide substantial evidence for establishing rates and fees, as agreed to herein and set forth in Attachment B to the Postal Service's Request, as revised, and for establishing the classification changes set forth in Attachment A to the Request, as revised. The undersigned parties stipulate that the Request, the attachments thereto (as revised), and the accompanying testimony and exhibits, to whatever extent not entered into evidence during hearings, be entered into evidence in this proceeding, pursuant to this Stipulation and Agreement.
- 4. The undersigned parties agree that the rates, fees, and classification changes adopted in this agreement will be implemented no sooner than June 2, 2002. They further agree not to take any action intended to prevent rates, fees, and classification changes that might be recommended and approved pursuant to this agreement from taking effect, as determined by the Postal Service Board of Governors.
- 5. For purposes of this proceeding only, the undersigned parties agree that, as discussed in USPS-T-28 through T-38, the rates and fees set forth in Attachment B of

¹ A copy of Attachment A (revised on November 7, 2001), and a copy of Attachment B (revised on November 7 and 21, 2001), which are appended to the Postal Service's Request, filed September 24, 2001, are hereby incorporated in this Stipulation and Agreement. Revised pages in accordance with this Stipulation and Agreement are

the Postal Service's Request, as revised, and the classification changes set forth in Attachment A of the Request, as revised, are in accordance with the policies of Title 39, United States Code, and, in particular, the criteria and factors of 39 U.S.C §§ 3622 & 3623.

- 6. This Stipulation and Agreement is offered in total and final settlement of this docket. The undersigned parties agree that they will file no pleadings or testimony that opposes this agreement, or that proposes or advocates terms other than those embodied in it.
- 7. Each signatory reserves the right to withdraw from this Stipulation and Agreement under one or more of the following conditions:
 - (a) If the Postal Service withdraws from this Stipulation and Agreement;
 - (b) If the Postal Service alters the proposed rates, fees, and classification changes set forth in Attachments A and B, as revised, appended to this Stipulation and Agreement;
 - (c) If the Commission fails to issue a Recommended Decision based on the Stipulation and Agreement by March 25, 2002;
 - (d) If the Commission adopts a Recommended Decision that deviates from the rates, fees, and classification changes set forth in Attachments A and B, as revised, appended to this Stipulation and Agreement; or
 - (e) If the Governors of the Postal Service fail to approve a Commission Recommended Decision adopting the rates, fees, and classification changes set forth in Attachments A and B, as revised, appended to this Stipulation and

Agreement.

Any signatory withdrawing under the terms of this paragraph must provide written notice of withdrawal to all parties within five (5) business days of the occurrence of the specified 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.

- 8. The signatories expect the Presiding Officer and the Commission to establish a procedural mechanism and schedule to consider the Postal Service's Request, in light of this Stipulation and Agreement. Each signatory reserves the right to withdraw from this Stipulation and Agreement on February 4, 2002, under the following conditions:
 - (a) If the Presiding Officer or the Commission, by January 31, 2002, fails to issue a final ruling establishing procedures and a schedule governing proceedings requested by participants who oppose this Stipulation and Agreement, including participants not adhering to the agreement who propose changes not embodied in this Stipulation and Agreement; or
 - (b) If the signatory concludes that its interests are not furthered by settlement under the terms embodied in the Stipulation and Agreement.

Any signatory, other than the Postal Service, intending to withdraw on February 4, 2002, under this paragraph must give notice of its intention no later than January 31, 2002, for withdrawal to be effective. The Postal Service's withdrawal will be effective upon notice given on February 4, 2002.

9. This Stipulation and Agreement pertains only to the proposed settlement of the Postal Service's Request in Docket No. R2001-1. By signing, the parties do not

agree with, or concede the applicability of, any ratemaking principle, any method of cost of service determination, any method of cost savings measurement, any principle or method of rate or fee design, any principle or method of mail classification, any 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.

- 10. In any future negotiation or proceeding (other than any proceeding involving the honoring, enforcement, or construction of this Stipulation and Agreement), the parties shall not be bound or prejudiced by this Stipulation and Agreement. The undersigned parties also agree that, as the matters presented in the Postal Service's Request, in any Commission Recommended Decision, or in any decision of the Governors of the Postal Service in this proceeding have not actually been litigated, they are not entitled to precedential effect in any other proceeding.
- 11. The undersigned parties request that the Commission expeditiously issue a recommended decision consistent with this Stipulation and Agreement.
- 12. This Stipulation and Agreement represents the entire agreement of the signatories, and supersedes any understandings or representations not contained herein.

^{*}Signature pages are attached.

Before The POSTAL RATE COMMISSION WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

SIGNATURE PAGE FOR STIPULATION AND AGREEMENT

12/17/01 Date Daniel J. Fourneaux, Jr.

Chief Counsel, Ratemaking

United States Postal Service

Before The POSTAL RATE COMMISSION WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES, 2001	Docket No. R2001-1
SIGNATURE PAGE FOR STIP	ULATION AND AGREEMENT
Name of Intervenor	Date
[Signature of Representative]	

and is published for the purpose of furthering the objects of the department.

416 Foreign Publications

Foreign newspapers and other periodicals of the same general character as domestic publications entered as Periodicals class mail may be accepted on application of the publishers thereof or their agents, for transmission through the mail at the same rates as if published in the United States. This section does not authorize the transmission through the mail of a publication which violates a copyright granted by the United States.

420 DESCRIPTION OF SUBCLASSES

421 Outside County Subclass

421.1 Definition.

The Outside County subclass consists of Periodicals class mail that is not mailed under section 423 and that:

- a. Is presorted, marked, and presented as specified by the Postal Service; and
- b. Meets machinability, addressing, and other preparation requirements specified by the Postal Service.

421.2 Outside County Pound Rates

An unzoned pound rate applies to the nonadvertising portion of Outside County subclass mail [and may be reduced by applicable destination entry discounts]. A zoned pound rate applies to the advertising portion and may be reduced by applicable destination entry discounts. The pound rate postage is the sum of the nonadvertising portion charge and the advertising portion charge.

421.3 Outside County Piece Rates

421.31 Basic Rate Category.

The basic rate category applies to all Outside County subclass mail not mailed under section 421.32, 421.33, or 421.34.

421.32 Three-Digit [City and Five-Digit] Rate Category.

Proposed Changes to the Domestic Mail Classification Schedule

The three-digit rate category applies to Outside County subclass mail presorted to single or multiple three-digit ZIP Code destinations as specified by the Postal Service.

421.33 Five-Digit Rate Category.

The five-digit rate category applies to Outside County subclass mail presorted to single or multiple five-digit ZIP Code destinations as specified by the Postal Service.

421.34 Carrier Route Rate Category.

The carrier route rate category applies to Outside County subclass mail presorted to carrier routes as specified by the Postal Service.

421.4 Outside County Subclass Discounts

421.41 Barcoded Letter Discounts.

Barcoded letter discounts apply to letter size Outside County subclass mail mailed under sections 421.31, 421.32, and 421.33 which bears a barcode representing not more than 11 digits (not including "correction" digits) as specified by the Postal Service, and which meets the machinability, addressing, and barcoding specifications and other preparation requirements specified by the Postal Service.

421.42 Barcoded Flats Discounts.

Barcoded flats discounts apply to flat size Outside County subclass mail mailed under sections 421.31, 421.32, and 421.33 which bear a barcode representing not more than 11 digits (not including "correction" digits) as specified by the Postal Service, and meet the flats machinability, addressing, and barcoding specifications and other preparation requirements specified by the Postal Service.

421.43 High Density Discount.

The high density discount applies to Outside County subclass mail mailed under section 421.34, presented in walk sequence order, and meeting the high density and preparation requirements specified by the Postal Service.

421.44 Saturation Discount.

The saturation discount applies to Outside County subclass mail mailed under section 421.34, presented in walk- sequence order, and meeting the saturation and preparation requirements specified by the Postal Service.

421.45 Destination Entry Discounts.

Destination entry discounts apply to Outside County subclass mail which is prepared as specified by the Postal Service and addressed [destined] for delivery within the service area of the destination area distribution center (ADC), destination sectional center facility (SCF) or the destination delivery unit (DDU) at[in] which it is entered, as defined by the Postal Service. The DDU discount only applies to Carrier Route rate category mail.

421.46 Nonadvertising Discount.

The nonadvertising discount applies to all Outside County subclass mail and is determined by multiplying the proportion of nonadvertising content by the discount factor set forth in Rate Schedule 421 and subtracting that amount from the applicable piece rate.

421.47 Preferred Rate Discount.

Periodicals Mail qualifying as Nonprofit or Classroom mail under sections 422.2 and 422.3 is eligible for the Preferred rate discount set forth in Rate Schedule 421.

- 421.48 Pallet Discount. The pallet discount applies to Outside County subclass nonletter mail [which] that is presented on pallets and [which] meets the preparation requirements specified by the Postal Service.
- 421.49 Dropship Pallet Discount. The dropship pallet discount applies to Outside Country subclass nonletter mail that is mailed under section 421.45, is presented on pallets, and meets the preparation requirements specified by the Postal Service.

422 Preferred Qualification Categories

422.1 Definition.

Preferred Qualification Outside County Subclass Periodicals consist of Periodicals Mail, other than publications qualifying as Requester Publications, that meets applicable requirements in sections 422.2, 422.3, or 422.4.

422.2 Nonprofit

The Periodicals Outside County Subclass Nonprofit category consists of publications entered by authorized nonprofit organizations or associations of the following types:

- a. Religious, as defined in section 1009,
- b. Educational, as defined in section 1009,
- c. Scientific, as defined in section 1009,
- d. Philanthropic, as defined in section 1009,
- e. Agricultural, as defined in section 1009,
- f. Labor, as defined in section 1009,
- g. Veterans', as defined in section 1009,
- h. Fraternal, as defined in section 1009, and
- i. Associations of rural electric cooperatives,

and the publications of the following types:

- one publication, which contains no advertising (except advertising of the publisher) published by the official highway or development agency of a state,
- k. program announcements or guides published by an educational radio or television agency of a state or political subdivision thereof or by a nonprofit educational radio or television station, or
- one conservation publication published by an agency of a state which is responsible for management and conservation of the fish or wildlife resources of such state.

422.3 Classroom

The Periodicals Outside County Subclass Classroom rate category consists of religious, educational, or scientific publications designed specifically for use in school classrooms or religious instruction classes.

422.4 Science of Agriculture

422.41 Definition.

Science of Agriculture mail consists of Periodicals class mail devoted to the science of agriculture if the total number of copies of the publication furnished during any 12-month period to subscribers residing in rural areas amounts to at least 70 percent of the total number of copies distributed by

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any means for any purpose.

422.42 Rates.

Science of Agriculture mail is subject to pound rates, piece rates, and piece rate discounts (except for the discount set forth in section 421.47) for Outside County Subclass Periodicals Mail, except for DDU, DSCF and Zone 1 & 2 pound rates. Rates for Science of Agriculture are set forth in Rate Schedule 421.

422.43 Nonadvertising Discount.

The nonadvertising discount for Outside County Subclass Periodicals Mail applies to Science of Agriculture Periodicals, and is determined by multiplying the proportion of nonadvertising content by the discount factor set forth in Rate Schedule 421 and subtracting that amount from the applicable piece rate.

422.44 Destination Entry Discounts.

Destination entry discounts apply to Science of Agriculture Periodicals <u>mail</u> <u>which is prepared as specified by the Postal Service, and addressed</u> [which are destined] for delivery within the service area of the <u>destination area</u> <u>distribution center (ADC)</u>, destination sectional center facility (SCF) or the destination delivery unit (DDU) [in] <u>at</u> which it is entered, as defined by the Postal Service. The DDU discount only applies to Carrier Route rate category mail.

423 Within County Subclass

423.1 Reserved

423.2 General

423.21 Definition.

Within County mail consists of Periodicals class mail, other than publications qualifying as Requester Publications, mailed in, and addressed for delivery within, the county where published and originally entered, from either the office of original entry or additional entry. In addition, a Within County publication must meet one of the following conditions:

- a. The total paid circulation of the issue is less than 10,000 copies; or
- b. The number of paid copies of the issue distributed within the county of publication is at least one more than one-half the total paid circulation

of such issue.

423.22 Entry in an Incorporated City.

For the purpose of determining eligibility for Within County mail, when a publication has original entry at an independent incorporated city which is situated entirely within a county or which is contiguous to one or more counties in the same state, such incorporated city shall be considered to be within the county with which it is principally contiguous. Where more than one county is involved, the publisher will select the principal county.

423.23 Pound Rate.

One pound rate applies to Within County pieces presorted to carrier routes to be delivered within the delivery area of the originating post office, and another pound rate applies to all other pieces.

423.3 Within County Piece Rates

423.31 Basic Rate Category.

The basic rate category applies to Within County Periodicals not mailed under section 423.32, 423.33, or 423.34.

423.32 Three-digit Rate Category.

The three-digit rate category applies to Within County Periodicals that are presorted to single or multiple three-digit ZIP Code destinations as specified by the Postal Service.

423.33 Five-Digit Rate Category.

The five-digit rate category applies to Within County Periodicals presorted to single or multiple five-digit ZIP Code destinations as specified by the Postal Service.

423.34 Carrier Route Rate Category.

The carrier route rate category applies to Within County Periodicals presorted to carrier routes as specified by the Postal Service.

423.4 Within County Discounts

423.41 Barcoded Letter Discounts.

Proposed Changes to the Domestic Mail Classification Schedule

Page 51

Barcoded letter discounts apply to letter size Within County Periodicals mailed under sections 423.31, 423.32, and 423.33 which bear a barcode representing not more than 11 digits (not including "correction" digits) as specified by the Postal Service, and which meet the machinability, addressing, and barcoding specifications and other preparation requirements specified by the Postal Service.

Barcoded Flats Discounts. 423.42

Barcoded flats discounts apply to flat size Within County Periodicals mailed under sections 423.31, 423.32, and 423.33 which bear a barcode representing not more than 11 digits (not including "correction" digits) as specified by the Postal Service, and meet the flats machinability, addressing, and barcoding specifications and other preparation requirements specified by the Postal Service.

High Density Discount. 423.43

The high density discount applies to Within County Periodicals mailed under section 423.34, presented in walk sequence order, and meeting the high density and preparation requirements specified by the Postal Service. Alternatively, Within County mail may qualify for such discount also by presenting otherwise eligible mailings containing pieces addressed to a minimum of 25 percent of the addresses per carrier route.

423.44 Saturation Discount.

The saturation discount applies to Within County Periodicals mailed under section 423.34, presented in walk sequence order, and meeting the saturation and preparation requirements specified by the Postal Service.

Destination Entry Discount. 423.45

A destination delivery unit discount applies to Within County carrier route category mail which is destined for delivery within the destination delivery unit (DDU) in which it is entered, as defined by the Postal Service.

PHYSICAL LIMITATIONS 430

Periodicals Mail may not weigh more than 70 pounds or exceed 108 inches in length and girth combined. Additional size limitations apply to individual Periodicals rate categories.

POSTAGE AND PREPARATION 440

441 Postage.

Postage must be paid on Periodicals class mail as set forth in section 3000.

442 Presortation.

Periodicals class mail must be presorted as specified by the Postal Service.

443 Attachments and Enclosures

443.1 General.

First-Class Mail or Standard Mail may be attached to or enclosed with Periodicals class mail. The piece must be marked as specified by the Postal Service. Except as provided in section 443.2, additional postage must be paid for the attachment or enclosure as if it had been mailed separately. Otherwise, the entire combined piece is subject to the appropriate First-Class or Standard Mail rate for which it qualifies (unless the rate applicable to the host piece is higher), or, if a combined piece with a Standard Mail attachment or enclosure weighs 16 ounces or more, the piece is subject to the Parcel Post rate for which it qualifies. Otherwise, the entire combined piece is subject to the First-Class Mail, Standard Mail, or Package Services rate for which it qualifies.

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.]

443.2 Incidental First-Class Mail Attachments and Enclosures.

First-Class Mail that meets one or more of the definitions in section 210 b through d may be attached to or enclosed with Periodicals class mail, with postage paid on the combined piece at the applicable Periodicals rate, if the attachment or enclosure is incidental to the piece to which it is attached or with which it is enclosed.

444 Identification

Periodicals class mail must be identified as required by the Postal Service. Nonsubscriber and nonrequester copies, including sample and complimentary copies, must be identified as required by the Postal Service.

445 Filing of Information

Information relating to Periodicals class mail must be filed with the Postal Service under 39 U.S.C. 3685.

446 Enclosures and Supplements

Periodicals class mail may contain enclosures and supplements as specified by the Postal Service. An enclosure or supplement may not contain writing, printing or sign thereof or therein, in addition to the original print, except as authorized by the Postal Service, or as authorized under section 443.2.

450 DEPOSIT AND DELIVERY

451 Deposit

Periodicals class mail must be deposited at places and times designated by the Postal Service.

452 Service

Periodicals class mail is given expeditious handling insofar as is practicable.

453 Forwarding and Return

Undeliverable-as-addressed Periodicals class mail will be forwarded or returned to the mailer, as specified by the Postal Service. Undeliverable-as-addressed combined First-Class and Periodicals class mail pieces will be forwarded or returned, as specified by the Postal Service. Additional charges when Periodicals class mail is returned will be based on the applicable First-Class Mail rate.

470 RATES AND FEES

The rates and fees for Periodicals class mail are set forth as follows:

Schedule

a.	Outside County	421
b.	Within County	423
C.	Science of Agriculture	421
d	Fees	1000

480 AUTHORIZATIONS AND LICENSES

481 Entry Authorizations

Prior to mailing at Periodicals rates, a publication must be authorized for entry as Periodicals class mail by the Postal Service. Each authorized publication will be granted one original entry authorization at the post office where the office of publication is maintained. An authorization for the establishment of an account to enter a publication at an additional entry office may be granted by the Postal Service upon application by the publisher. An application for re-entry must be made whenever the publisher proposes to change the publication's title, frequency of issue or office of original entry.

482 Nonprofit, Classroom and Science of Agriculture Authorization

Prior to entering Nonprofit, Classroom, and Science of Agriculture Periodicals Mail, a publication must obtain an additional Postal Service entry authorization to mail at those rates.

483 Mailing by Publishers and News Agents

Periodicals class mail may be mailed only by publishers or registered news agents. A news agent is a person or concern engaged in selling two or more Periodicals publications published by more than one publisher. News agents must register at all post offices at which they mail Periodicals class mail.

484 Fees

Fees for original entry, additional entry, re-entry, and registration of a news agent are set forth in Schedule 1000.

FIRST-CLASS MAIL RATE SCHEDULE 221 LETTERS AND SEALED PARCELS

	Current	Proposed	<u>Settlement</u>
Single-Piece			
First ounce	\$0.340	\$0.370	
Additional ounces	0.230	0.230	
Nonmachinable surcharge	0.110	0.120	
Qualified Business Reply Mail	0.310	0.345	0.340
Presorted			
First ounce	0.322	0.352	
Additional ounces	0.230	0.225	
Nonmachinable surcharge	0.050	0.055	
Heavy piece discount, per piece	0.046	0.041	
Automation Letters			
Basic	0.280	N/A	
Mixed AADC	N/A	0.309	
AADC	N/A	0.301	
3-digit	0.269	0.294	0.292
5-digit	0.255	0.280	0.278
Carrier route	0.245	0.275	
Additional ounces	0.230	0.225	
Heavy piece discount, per piece	0.046	0.041	•
Automation Flats			•
Basic	0.312	N/A	
Mixed ADC	N/A	0.341	
ADC	N/A	0.333	
3-digit	0.297	0.322	
5-digit	0.277	0.302	
Additional ounces	0.230	0.225	
Nonmachinable surcharge	0.050	0.055	
Heavy piece discount, per piece	0.046	0.041	

FIRST-CLASS MAIL RATE SCHEDULE 222 CARDS

	Current	Proposed	<u>Settlement</u>
Regular			
Single-piece cards	\$0.210	\$0.230	
Qualified Business Reply Mail	0.180	0.205	0.20
Presorted	0.190	0.212	
Automation			
Basic	0.174	N/A	
Mixed AADC	N/A	0.194	
AADC	N/A	0.187	
3-digit	0.168	0.183	
5-digit	0.161	0.176	
Carrier route	0.150	0.170	

PERIODICALS RATE SCHEDULE 421 OUTSIDE-COUNTY (INCLUDING SCIENCE-OF-AGRICULTURE)

	Unit	Current	Proposed	Settlement
Outside-County	<u> </u>			
Advertising				
Destinating delivery unit	Pound	\$0.153	\$0.160	\$ 0.158
Destinating SCF	Pound	ψ0.195 0.195	0.204	\$ 0.203
Destinating ADC	Pound	N/A	0.225	\$ 0.223
Zones 1 & 2	Pound	0.238	0.250	\$ 0.248
Zone 3	Pound	0.253	0.268	\$ 0.267
Zone 4	Pound	0.292	0.317	\$ 0.315
Zone 5	Pound	0.351	0.390	\$ 0.389
Zone 6	Pound	0.413	0.467	\$ 0.466
Zone 7	Pound	0.488	0.560	\$ 0.559
Zone 8	Pound	0.552	0.640	\$ 0.638
Nonadvertising			0.0.0	\$ 0.193
Nonadvertising				
- Destinating delivery unit	Pound	0.179	0.158	
—Destinating SCF	Pound	0.179	0.180	
— Destinating ADC	Pound	0.1 79	0.191	
- All other zones	Pound	0.179	0.203	
			4	
Science-of-Agriculture				
Advertising				
Delivery unit	Pound	0.115	0.120	\$ 0.119
SCF	Pound	0.146	0.153	\$ 0.152
DADC	Pound	N/A	0.168	\$ 0.167
Zones 1 & 2	Pound	0.179	0.187	\$ 0.186
Zone 3	Pound	0.253	0.268	\$ 0.267
Zone 4	Pound	0.292	0.317	\$ 0.315
Zone 5	Pound	0.351	0.390	\$ 0.389
Zone 6	Pound	0.413	0.467	\$ 0.466
Zone 7	Pound	0.488	0.560	\$ 0.559
Zone 8	Pound	0.552	0.640	\$ 0.638
Nonadvertising				\$ 0.193
Nonadvertising		·		
—Destinating delivery unit	Pound	0.179	0.120	
- Destinating SCF	Pound	0.178	0.136	
- Destinating ADC	Pound	0.179	0.143	
- 2006 18 1	Pound	0.179	0.152	
All other zoges at the state of the state of	Pound	0,1797	e : 1 0.203	

PERIODICALS RATE SCHEDULE 421 (CONTINUED) OUTSIDE-COUNTY (INCLUDING SCIENCE-OF-AGRICULTURE)

	Unit_	Current	Proposed	<u>Settlement</u>
Outside-County and Science-of-Agriculture			 : " 	
Basic				
Nonautomation	Piece	\$0.333	\$0.369	\$ 0.373
Automation letter	Piece	0,266	0.277	\$ 0.281
Automation flat	Piece	0,291	0.321	\$ 0.325
3-Digit				
Nonautomation	Piece	0.283	0.320	\$ 0.324
Automation letter	Piece	0.231	0.245	\$ 0.249
Automation flat	Piece	0.248	0.279	\$ 0.283
5-Digit				
Nonautomation	Piece	0.219	0.252	\$ 0.256
Automation letter	Piece	0.178	0.191	\$ 0.195
Automation flat	Piece	0.194	0.222	\$ 0.226
Carrier Route				
Basic	Piece	0.139	0.159	\$ 0.163
High density	Piece	0,113	0.127	\$ 0.131
Saturation	Piece	0.095	0.108	\$ 0.112
Discounts				:
Percentage editorial discount	Piece	0.00067	0.00074	
Worksharing discount DDU	Piece	0.017	0.018	
Worksharing discount DSCF	Piece	0.008	0.008	
Worksharing discount DADC	Piece	N/A	0.002	
Worksharing discount pallets	Piece	N/A	0.005	
Worksharing dropship pallet discount				\$ 0.010

PACKAGE SERVICES RATE SCHEDULE 521.2A PARCEL POST INTER-BMC RATES

Current

Weight								Weight							
(lbs.)	1 & 2	Zone 3			Zone 6		Zone 8	(lbs.)	1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
1	\$3.42	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	1	\$3.69	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75
2	3.42	3.45	3.45	3.45	3.45	3.45	3.45	2	3.85	3.85	4.22	4.22	4.57	4.57	4.57
3	3.90	4.23	4.66	4.71	4.76	4.81	4.86	3	4.65	4.65	5.66	5.77	5.83	5.89	6.44
4	4.05	4.51	5.33	5.80	5.95	6.00	6.05	4	4.96	5.20	6.42	7.07	7.28	7.34	8.02
5	4.19	4.76	5.78	7.00	7.15	7.20	7.25	5	5.13	5.75	7.07	7.90	8.75	8.81	9.61
6	4.33	5.01	6.20	7.70	8.03	8.25	8.84	6	5.74	6.13	7.59	8.67	9.71	10.10	11.72
7	4.46	5.23	6.59	8.38	8.90	9.49	10.69	7	5.91	6.40	8.07	9.38	10.55	11.62	13.08
8	4.60	5.44	6.92	8,96	9,60	10.74	12.53	8	6.10	6.66	8.47	10.04	11.34	12.79	15.34
9	4.70	5.63	7.28	9.50	10.30	11.99	14.20	9	6.23	6.89	8.91	10.66	12.07	13.65	17.38
10	4.83	5.82	7.58	10.01	11.00	13.24	15.26	10	6.40	7.72	9.28	11.23	12.75	14.46	18.50
11	4.93	6.00	7.89	10.48	11.70	14.20	16.14	11	6.54	7.96	9.66	11.77	13.39	15.22	19.53
12	5.03	6.16	8.17	10.92	12.40	15.15	16.98	12	6.67	8.17	10.00	12.28	14.00	15.93	20.50
13	5.13	6.30	8.43	11.33	13.10	16.10	17.79	13	6.80	8.35	10.32	12.76	14.57	16.60	21.41
14	5.23	6.48	8.69	11.72	13.80	17.05	18.57	14	6.93	8.59	10.64	13.21	15.11	17.24	22.28
15	5.32	6.62	8.94	12.08	14.44	17.66	19.33	15	7.05	8.78	10.94	13.64	15.62	17.84	23.10
16	5.40	6.76	9.17	12.42	14.86	18.20	20.05	16	7.16	8.96	11.22	14.05	16.11	18.41	23.87
17	5.50	6.88	9.40	12.74	15.28	18.72	20.76	17	7.29	9.12	11.51	14.44	16.57	18.96	24.62
18	5.58	7.01	9.60	13.04	15.65	19.19	21.44	18	7.40	9.30	11.75	14.81	17.01	19.48	25.32
19	5.67	7.14	9.81	13.33	16.01	19.66	22.10	19	7.52	9.47	12.01	15.17	17.43	19.97	25.99
20	5.74	7.25	9.98	13.61	16.35	20.09	22.74	20	7.61	9.61	12.22	15.51	17.83	20.45	26.64
21	5.82	7.38	10,17	13.88	16.69	20.51	23.36	21	7.72	9.79	12.45	15.83	18.22	20.90	27.25
22	5.89	7.48	10.35	14.13	16.99	20.90	23.97	22	7.81	9.92	12.67	16.14	18.59	21.33	27.85
23	5.97	7.61	10.54	14.35	17.28	21.27	24.56	23	7.92	10.09	12.90	16.44	18.94	21.75	28.41
24	6.02	7.70	10.69	14.59	17.57	21.63	25.14	24	7.98	10.21	13.08	16.72	19.28	22.15	28.95
25	6.10	7.80	10.86	14.80	17.84	21.96	25.70	25	8.09	10.34	13.29	17.00	19.61	22.54	29.48
26	6.16	7.90	11.01	15.02	18.10	22.29	26.25	26	8.17	10.48	13.48	17.26	19.92	22.91	29.98
27	6.24	8.00	11.15	15.21	18.34	22.59	26.79	27	8.27	10.61	13.65	17.52	20.22	23.26	30.46
28	6.29	8.09	11.32	15.41	18.58	22.88	27.31	28	8.34	10.73	13.86	17.76	20.51	23.60	30.93
29	6.36	8.19	11.46	15.58	18.80	23.16	27.83	29	8.43	10.86	14.03	18.00	20.79	23.94	31.38
30	6.42	8.28	11.58	15.75	19.01	23.44	28.33	30	8.51	10.98	14.17	18.22	21.07	24.25	31.81
31	6.49	8.35	11.72	15.92	19.23	23.71	28.82	31	8.61	11.07	14.35	18.44	21.33	24.56	32.23
32	6.54	8.45	11.85	16.08	19.42	23.96	29.30	32	8.67	11.20	14.50	18.66	21.58	24.86	32.64
33	6.60	8.54	11,98	16.24	19.61	24.20	29.78	33	8.75	11.32	14.66	18.86	21.82	25.15	33.03
34	6.66	8.60	12.09	16.39	19.79	24.42	30.24	34	8.83	11.40	14.80	19.06	22.06	25.43	33.40
35	6.72	8.69	12.22	16.54	19.96	24.64	30.70	35	8.91	11.52	14.96	19.25	22.29	25.70	33.77

PACKAGE SERVICES RATE SCHEDULE 521.2A (CONTINUED) PARCEL POST INTER-BMC RATES

Current

Weight	Zones							Weight	Zones						
(lbs.)	1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	(lbs.)	1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
36	\$6.77	\$8.76	\$12.35	\$16.68	\$20.14	\$24.85	\$31.14	36	\$8.98	\$11.62	\$15.12	\$19.44	\$22.51	\$25.96	\$34.12
37	6.82	8.83	12,44	16.82	20.30	25.06	31.58	37	9.04	11.71	15.23	19.62	22.72	26.21	34.47
38	6.88	8.92	12.56	16.94	20.45	25.25	32.01	38	9.12	11.83	15.37	19.79	22.93	26.45	34.80
39	6.94	8.98	12.66	17.06	20.60	25.43	32.43	39	9.20	11.91	15.50	19.96	23.13	26.69	35.12
40	6.99	9.06	12.77	17.19	20.76	25.63	32.85	40	9.27	12.01	15.63	20.13	23.33	26.92	35.43
41	7.05	9.14	12.87	17.31	20.90	25,80	33.26	41	9.35	12.12	15,75	20.29	23.52	27.14	35.74
42	7.10	9.20	12.97	17.41	21.03	25.96	33.66	42	9.41	12.20	15.88	20.44	23.70	27.36	36.03
43	7.14	9.27	13.07	17.52	21.17	26.13	34.05	43	9.47	12.29	16.00	20.59	23.88	27.57	36.32
44	7.19	9.32	13.16	17.62	21.29	26.28	34.44	44	9.53	12.36	16.11	20.74	24.05	27.78	36.60
45	7.24	9.40	13.26	17.73	21.42	26.43	34.74	45	9.60	12.46	16.23	20.88	24.22	27.97	36.87
46	7.29	9.46	13.35	17.84	21.54	26.58	34.93	46	9.67	12.54	16.34	21.02	24.39	28.17	37.13
47	7.35	9,53	13.43	17.92	21.66	26.72	35.12	47	9.75	12.64	16.44	21.15	24.55	28.36	37.38
48	7.39	9.59	13.53	18.02	21.75	26.85	35.30	48	9.80	12.72	16.56	21.28	24.70	28.54	37.63
49	7.43	9.65	13.62	18.11	21.87	26.99	35.46	49	9.85	12.80	16.67	21.41	24.85	28.72	37.87
50	7.48	9.70	13.68	18.20	21.98	27.13	35.63	50	9.92	12.86	16.74	21.53	25.00	28.89	38.11
51	7.53	9.77	13.78	18.28	22.08	27.24	35.78	51	9.98	12.96	16.87	21.65	25.14	29.06	38.34
52	7.57	9.83	13.86	18.37	22.18	27.36	35.94	52	10.04	13.03	16.96	21.77	25.28	29.22	38.56
53	7.62	9.88	13.92	18.45	22.28	27.48	36.10	53	10.10	13.10	17.04	21.88	25.42	29.38	38.78
54	7.66	9.95	14.01	18.53	22.37	27.60	36.24	54	10.16	13.19	17.15	22.00	25.55	29.54	38.99
55	7.70	9.98	14.09	18.60	22.45	27.70	36.38	55	10.21	13.23	17.25	22.10	25.68	29.69	39.19
56	7.76	10.06	14.16	18.68	22.55	27.81	36.52	56	10.29	13.34	17.33	22.21	25.80	29.84	39.40
57	7.80	10.11	14.24	18.75	22.63	27. 92	36.64	57	10.34	13.41	17.43	22.31	25.93	29.98	39.59
58	7.84	10.16	14.30	18.82	22.71	28.01	36.77	58	10.40	13.47	17.50	22.41	26.04	30.12	39.78
59	7.89	10.21	14.38	18.89	22.80	28.10	36.89	59	10.46	13.54	17.60	22.51	26.16	30.26	39.97
60	7. 9 3	10.26	14.46	18.95	22.86	28.20	37.02	60	10.52	13.60	17.70	22.61	26.27	30.39	40.15
61	7.99	10.33	14.52	19.02	22.95	28.30	37.18	61	10.59	13.70	17.77	22.70	26.39	30.52	40.33
62	8.03	10.37	14.58	19.09	23.01	28.37	37.33	62	10.65	13.75	17.85	22.79	26.49	30.65	40.50
63	8.05	10.43	14.66	19.14	23.09	28.46	37.49	63	10.67	13.83	17.94	22.88	26.60	30.77	40.67
64	8.09	10.47	14.72	19.19	23.15	28.54	37.63	64	10.73	13.88	18.02	22.97	26.70	30.90	40.83
65	8.14	10.52	14.78	19.26	23.23	28.62	37.77	65	10.79	13.95	18.09	23.05	26.80	31.01	41.00
66	8.19	10.58	14.84	19.31	23.28	28.70	37.90	66	10.86	14.03	18.16	23.13	26.90	31.13	41.15
67	8.24	10.62	14.91	19.38	23.36	28.77	38.04	67	10.93	14.08	18.25	23.21	27.00	31.24	41.31
68	8.27	10.67	14.98	19.43	23.41	28.85	38.18	68	10.97	14.15	18.34	23.29	27.09	31.35	41.46
69	8.31	10.71	15.04	19.48	23.48	28.93	38.29	69	11.02	14.20	18.41	23.37	27.18	31.46	41.60
70	8.35	10.77	15.10	19.54	23.53	28.99	38.43	70	11.07	14.28	18.48	23.44	27.27	31.57	41.75
Over-								Over-				^-		• • • •	
sized	34.75	38.94	45.10	54.87	66.41	82.14	106.31	sized	42.53	47.66	55.20	67.16	81.29	94.67	123.14

PACKAGE SERVICES RATE SCHEDULE 521.2B PARCEL POST INTRA-BMC RATES

Current

Weight	Local	Zones				Weight	Local	Zones			
(lbs.)	Zone	1 & 2	Zone 3	Zone 4	Zone 5	(lbs.)	Zone	1 & 2	Zone 3	Zone 4	Zone 5
1	\$2.74	\$3.04	\$3.04	\$3.04	\$3.04	1	\$2.81	\$2.96	\$2.99	\$3.05	\$3.14
2	2.74	3.04	3.04	3.04	3.04	2	3.19	3.60	3.63	3.71	3.81
3	2.98	3.44	3.47	3.47	3.47	3	3.51	4.16	4.20	4.28	4.41
4	3.20	3.60	3.86	3.86	3.93	4	3.80	4.37	4.72	4.81	4.95
5	3.40	3.74	4.18	4.21	4.40	5	4.07	4.54	5.12	5.26	5.45
6	3.56	3.88	4.48	4.50	4.83	6	4.31	4.71	5.48	5.62	5.91
7	3.63	4.00	4.74	4.77	5.23	. 7	4.44	4.85	5.80	5.96	6.34
8	3.72	4.14	4.98	5.02	5.61	8	4.55	5.44	6.10	6.27	6.73
9	3.80	4.24	5.18	5.27	5.96	9	4.65	5.57	6.34	6.58	7.09
10	3.88	4.37	5.44	5.51	6.29	10	4.75	5.74	6.66	6.88	7.42
11	3.95	4.47	5.62	5.72	6.59	11	4.83	5.87	6.88	7.14	7.73
12	4.03	4.59	5.78	5.93	6.90	12	4.93	6.03	7.07	7.40	8.03
13	4.10	4.69	5.92	6.13	7.16	13	5.02	6.16	7.25	7.65	8.30
14	4.17	4.78	6.02	6.33	7.43	14	5.10	6.28	7.37	7.90	8.55
15	4.23	4.87	6.16	6.50	7.68	15	5.18	6.40	7.54	8.12	8.79
16	4.31	4.95	6.30	6.67	7.91	16	5.28	6.50	7.71	8.33	9.02
17	4.36	5.05	6.43	6.85	8.13	17	5.34	6.64	7.87	8.55	9.23
18	4.42	5.12	6.56	7.00	8.36	18	5.41	6.73	8.03	8.74	9.43
19	4.47	5.22	6.68	7.15	8.56	19	5.47	6.86	8.18	8.93	9.62
20	4.55	5.29	6.80	7.28	8.75	20	5.57	6.95	8.32	9.09	9.79
21	4.59	5.36	6.92	7.40	8.94	21	5.62	7.04	8.47	9.24	9.96
22	4.64	5.45	7.02		9.12	. 22	5.68	7.16	8.59	9.39	10.12
23	4.70	5.51	7.15	7.63	9.30	23	5.75	7.24	8.75	9.53	10.28
24	4.75	5.58	7.25	7.73	9.46	24	5.81	7.33	8.87	9.65	10.42
25	4.81	5.64	7.35	7.83	9.62	25	5.89	7.41	9.00	9.78	10.56
26	4.85	5.72	7.44	7.93	9.78	- 26	5.94	7.52	9.11	9.90	10.69
27	4.90	5.78	7.55	8.02		27	6.00	7.60	9.24	10.01	10.81
28	4.95	5.84	7.65			28	6.06	7.67	9.36	10.11	10.93
29	5.01	5.91	7.75		10.20	29	6.13	7.77	9.49	10.23	11.04
30	5.07	5.97	7.83		10.35	30	6.21	7.84	9.58	10.32	11.15
31	5.11	6.03				31	6.25	7.92	9.67	10.41	11.26
32	5.15	6.10				32	6.30	8.02	9.79	10.51	11.36
33	5,21	6.15				33	6.38	80.8	9.89	10.60	11.45
. 34	5.25	6.21	8.15			34	6.43	8.16	9.98	10.67	11.54
35	5.29	6.26	8.24	8.62	10.94	35	6.47	8.23	10.09	10.76	11.63

PACKAGE SERVICES RATE SCHEDULE 521.2B (CONTINUED) PARCEL POST INTRA-BMC RATES

Current

Weight	Local	Zones				Weight	Local	Zones			
(lbs.)	Zone	1 & 2	Zone 3	Zone 4	Zone 5	(lbs.)	Zone	1 & 2	Zone 3	Zone 4	Zone 5
36	\$5.33	\$6.31	\$8.31	\$8.68	\$11.07	36	\$6.52	\$8.29	\$10.17	\$10.84	\$11.71
· 37	5.37	6.38	8.38	8.74	11.17	37	6.57	8.38	10.26	10.91	11.79
38	5.41	6.43	8.46	8.80	11.28	38	6.62	8.45	10.36	10.99	11.86
39	5.47	6.49	8.54	8.85	11.37	39	6.70	8.53	10.45	11.05	11.94
40	5.51	6.53	8.60	8.90	11.48	40	6.74	8.58	10.53	11.11	12.01
41	5.56	6.60	8.69	8.95	11.57	41	6.81	8.67	10.64	11.17	12.07
42	5.60	6.64	8.75	9.00	11.66	42	6.85	8.73	10.71	11.24	12.14
43	5.64	6.68	8.82	9.05	11.76	43	6.90	8.78	10.80	11.30	12.43
44	5.70	6.74	8.88	9.10	11.84	44	6.98	8.86	10.87	11.36	12.73
45	5.73	6.78	8.94	9.23	11.93	45	7.01	8.91	10.94	11.52	13.04
46	5.77	6.85	9.02	9.27	12.01	46	7.06	9.00	11.04	11.57	13.35
47	5.82	6.90	9.07	9.31	12.09	47	7.12	9.07	11.10	11.62	13.67
48	5.86	6.94	9.14	9.35	12.19	48	7.17	9.12	11.19	11.67	13.99
49	5.89	6.99	9.20	9.39	12.26	49	7.21	9.19	11.26	11.72	14.32
50	5.93	7.02	9.26	9.42	12.34	50	7.26	9.22	11.33	11.76	14.66
51	5.98	7.09	9.31	9.46	12.41	51	7.32	9.32	11.40	11.81	15.00
52	6.01	7.13	9.39	9.49	12.48	52	7.36	9.37	11.49	11.85	15.35
53	6.05	7.16	9.43	9.52	12.55	53	7.41	9.41	11.54	11.89	15.71
54	6.10	7.20	9.47	9.56	12.63	54	7.47	9.46	11.59	11.94	16.08
55	6.14	7.25	9.50	9.60	12.69	55	7.52	9.53	11.63	11.99	16.45
56	6.17	7.30	9.53	9.63	12.75	56	7.55	9.59	11.66	12.02	16.83
57	6.21	7.35	9.55	9.65	12.83	57	7.60	9.66	11.69	12.05	17.22
58	6.25	7.39	9.58	9.68	12.89	58	7.65	9.71	11.73	12.09	17.62
59	6.29	7.43	9.61	9.71	12.95	59	7.70	9.76	11.76	12.12	18.02
60	6.31	7.48	9.63	9.73	13.02	60	7.72	9.83	11.79	12.15	18.43
61	6.38	7.53	9.66	9.76	13.08	61	7.81	9.89	11.82	12.19	18.85
62	6.40	7.57	9.68	9.81	13.13	62	7.83	9.95	11.85	12.25	19.28
63	6.44	7.61	9.70	9.87	13.19	63	7.88	10.00	11.87	12.32	19.72
64	6.48	7.65	9.72	9.91	13.25	64	7.93	10.05	11.90	12.37	20.17
65	6.52	7.69	9.75	9.96	13.30	65	7.98	10.11	11.93	12.43	20.62
66	6.54	7.75		10.02	13.37	66	8.00	10.18	11.96	12.51	21.08
67	6.60	7.79	9.79	10.07	13.41	67	8.08	10.24	11.98	12.57	21.55
68	6.63	7.81	9.80	10.11	13.46	68	8.12	10.26	12.00	12.62	22.03
69	6.64	7.86	9.82	10.16	13.52	69	8.13	10.33	12.02	12.68	22.52
70	6.65	7.90	9.84	10.21	13.57	70	8.14	10.38	12.04	12.75	23.02
Over-						Over-				00.15	077.00
sized	19.82	28.99	28.99	28.99	28.99	sized	24.26	35.16	35.48	36.19	37.26

PACKAGE SERVICES RATE SCHEDULE 521.2C PARCEL POST PARCEL SELECT DESTINATION BULK MAIL CENTER RATES

Current

Weight	Zones 1				Weight	Zones 1			
(lbs.)_	& 2	Zone 3	Zone 4	Zone 5	(lbs.)	8.2	Zone 3	Zone 4	Zone 5
1	+	\$2.48	\$2.75	\$2.99	1	\$2.01	\$2.26	\$2.49	\$3.09
2 3	1	2.48	2.75	2.99	2	2.24	2.76	3.19	3.69
	l .	2.89	3.31	3.42	3	2.49	3.27	3.84	4.28
4	Į.	3.27	3.81	3.88	4	2.72	3.75	4.41	4.81
5		3.63	4.16	4.35	5	2.94	4.20	4.82	5.30
6 7		3.97	4.45	4.78	6 7	3.15	4.60	5.16	5.75 6.40
	1	4.28	4.72	5.18	· ·	3.34	4.96	5.47 5.30	6.18
8 9		4.59	4.97	5.56	8	3.53	5.32	5.76	6.56
	I	4.87	5.22	5.91	9	3.71	5.64	6.05	6.91
10	1	5.15	5.46	6.24	10	3.88	5.97	6.71	7.24
11 12	ľ	5.41	5.67	6.54	11	4.04	6.27	6.96	7.54
13		5,66 5.87	5.88 6.08	6.85	12	4.20 4.35	6.56	7.22	7.84
14				7.11	13	4.50	6.80	7.46	8.10
15	•	5.97 6.11	6.28 6.45	7.38 7.63	14] 15	4.50	6.92 7.08	7.71 7.92	8.35
16	1	6.25	6.45 6.62	7.86	16	4. 64 4.77	7.08 7.24	8.13	8.58 8.81
17	1	6.38	6.80	8.08	17	4.77	7.24	8.35	9.01
18	1	6.51	6.95	8.31	18	5.03	7.59 7.54	8.53	9.01
19	L	6.63	7.10	8.51	19	5.16	7.68	8.72	9.40
20	1	6.75	7.10	8.70	20	5.28	7.82	8.88	9.40 9.56
21	1	6.87	7.25	8.89	21	5.40	7.96	9.02	9.73
22	1	6.97	7.47	9.07	22	5.51	8.08	9.17	9.89
23		7.10	7.58	9.25	23	5.62	8.23	9.31	10.05
24		7.20	7.68	9.41	24	5.73	8.34	9.43	10.18
25		7.30	7.78	9.57	25	5.84	8.46	9.55	10.32
26	1	7.39	7.88	9.73	26	5.94	8.56	9.67	10.45
27	L	7.50	7.97	9.87	27	6.05	8,69	9.78	10.57
28		7.60	8.05	10.01	28	6.14	8.81	9.88	10.68
29	1	7.70	8.14	10.15	29	6.24	8.92	10.00	10.79
30		7.78	8.22	10.30	30	6.34	9.02	10.09	10.90
31	1	7.85	8.29	10.42	31	6.43	9.10	10.17	11.01
32		7.95	8.37	10.54	32,	6.52	9.21	10.27	11.11
33		8.03	8.44	10.68	33	6.61	9.30	10.36	11.19
34	1	8.10	8.50	10.78	34	6.70	9.39	10.43	11.28
35	1	8.19	8.57	10.89	. 35		9.49	10.52	11.37

PACKAGE SERVICES RATE SCHEDULE 521.2C (CONTINUED) PARCEL POST PARCEL SELECT DESTINATION BULK MAIL CENTER RATES

Current

Weight	Zones 1			,	Weight	Zones 1			
(lbs.)	& 2	Zone 3	Zone 4	Zone 5	(lbs.)	& 2	Zone 3	Zone 4	Zone 5
36	\$6.18	\$8.26	\$8.63	\$11.02	36	\$6.87	\$9.94	\$10.60	\$11.45
37	6.25	8.33	8.69	11.12	37	6.95	10.03	10.66	11.53
38	6.31	8.41	8.75	11.23	38	7.03	10.12	10.74	11.60
39		8.49	8.80	11.32	39	7.11	10.21	10.80	11.68
40		8.55	8.85	11.43	40	7.19	10.29	10.86	11.74
41	6.50	8.64	8.90	11.52	41	7.27	10.40	10.92	11.80
42		8.70	8.95	11.61	42	7.34	10.47	10.99	11.87
43		8.77	9.00	11.71	43	7.42	10.56	11.05	12.16
44		8.83	9.05	11.79	44	7.49	10.63	11.11	12.45
45	6.73	8.89	9.18	11.88	45	7.56	10.69	11.26	12.76
46	6.79	8.97	9.22	11.96	46	7.63	10.79	11.31	13.06
47	•	9.02	9.26	12.04	47	7.70	10.85	11.36	13.37
48	6.89	9.09	9.30	12.14	48	7.77	10.94	11.41	13.69
49	6.94	9.15	9.34	12.21	49	7.84	11.01	11.46	14.01
50	6.97	9.21	9.37	12.29	50	7.91	11.08	11.50	14.35
51	7.04	9.26	9.41	12.36	51	7.97	11.15	11.55	14.68
52		9.34	9.44	12.43	52	8.04	11.23	11.59	15.02
53	7.11	9.38	9.47	12.50	53	8.10	11.28	11.63	15.38
54	7.15	9.42	9.51	12.58	54	8.16	11.33	11.68	15.74
55		9.45	9.55	12.64	55	8.23	11.37	11.73	15.89
56		9.48	9.58	12.70	56	8.29	11.40	11.75	15.96
57		9.50	9.60	12.78	57	8.35	11.43	11.78	16.06
58		9.53	9.63	12.84	58	8.41	11.47	11.82	16.14
59		9.56	9.66	12.90	59	8.47	11.50	11.85	16.21
60		9.58	9.68	12.97	60	8.52	11.53	11.88	16.30
61	7.48	9,61	9.71	13.03	61	8.58	11.56	11.92	16.38
62		9,63	9.76	13.08	62	8.64	11.59	11.98	16.44
63		9.65	9,82	13.14	63	8.69	11.61	12.05	16.52
64		9.67	9.86	13.20	64	8.75	11.64	12.10	16.59
65	1	9.70	9.91	13.25	65	8.80	11.67	12.16	16.65
66		9.72	9.97	13.32	66	8.86	11.70	12.24	16.74
67		9.74	10.02	13.36	67	8.91	11.72	12.29	16.79
68		9.75	10.06	13.41	68	8.96	11.73	12.34	16.86
69		9.77	10.11	13.47	69	9.01	11.75	12.40	16.93
70		9.79	10.16	13.52	70	9.06	11.77	12.47	16.99
Oversized	18.85	20.65	27.84	28.94	Oversized	18.14	24.33	32.81	34.10

PACKAGE SERVICES RATE SCHEDULE 521.2D PARCEL POST PARCEL SELECT DESTINATION SECTIONAL CENTER FACILITY RATES

Weight		Proposed	Weight	2	Proposed
(lbs.)	Current	Settlement	(lbs.)	Current	Settlement
1	\$1.71	\$1.53	36	\$4.26	\$4.59
2	1.71	1.71	37	4,30	4.65
3	1.85	1.85	38	4.34	4.70
4	1.99	1.99	39	4.38	4.76
5	2.12	2.12	40	4.42	4.81
6	2.24	2.24	41	4.46	4.86
7	2.35	2.35	42	4.50	4.91
8	2.45	2.45	43	4.53	4.96
9	2.56	2.56	44	4.57	5.01
10	2.65	2.65	45	4.61	5.06
11	2.74	2.74	46	4.64	5.11
12	2.83	2.83	47	4.67	5.16
13	2.92	2.92	48	4.71	5.20
14	3.00	3.00	49	4.74	5.25
15	3.08	3.10	50	4.77	5.29
16	3.15	3.19	51	4.80	5.34
17	3.22	3.28	52	4.84	5.38
18	3.29	3.36	53	4.87	5.42
19	3.36	3.45	54	4.90	5.46
20	3.43	3.53	55	4.93	5.51
21	3.49	3.61	56	4.96	5,55
22	3.55	3.68	57	4.98	5.59
23	3.61	3.76	58	5.01	5.63
24	3.67	3.83	59	5.04	5.67
25	3.73	3.90	60	5.07	5.71
26	3.78	3.97	61	5.10	5.74
27	3.83	4.04	62	5.12	5.78
28	3.89	4.11	63	5.15	5.82
29	3.94	4.17	64	5.17	5.86
30	3,99	4.24	65	5.20	5.89
31	4.03	4.30	66	5.22	5.93
32	4.08	4.36	67	5.25	5.97
33	4.13	4.42	68	5.27	6.00
. 34	4.17	4.48	69	5.30	6.04
35	4.21	4.54	70	5.32	6.07
			Oversized	11.35	11.95

PACKAGE SERVICES RATE SCHEDULE 521.2E PARCEL POST PARCEL SELECT DESTINATION DELIVERY UNIT RATES

Weight (Ibs.)	Current	Proposed Settlement	Weight (lbs.)	Current	Proposed Settlement
1	\$1.28	\$1.23	36	\$2.15	2.15
i i	1.28	1.28	37	2.16	2.16
2 3	1.33	1.33	38	2.17	2.17
4	1.38	1.38	39	2.18	2.18
5	1.43	1.43	40	2.19	2.19
6	1.47	1.47	41	2.20	2.20
7	1.51	1.51	42	2.21	2.21
8	1.55	1.55	43	2.22	2.22
9 .	1.58	1.58	44	2.23	2.23
10	1.62	1.62	45	2.24	2.24
11	1.65	1.65	46	2.25	2.25
12	1.68	1.68	47	2.26	2.26
13	1.71	1.71	48	2.27	2.27
14	1.74	1.74	49	2.28	2.28
15	1.77	1.77	50	2.29	2.29
16	1.79	1.79	51	2.30	2.30
17	1.82	1.82	52	2.31	2.31
18	1.85	1.85	53	2.32	2.32
19	1.87	1.87	54	2.33	2.33
20	1.89	1.89	55	2.34	2.34
21	1.92	1.92	56	2.35	2.35
22	1.94	1.94	57	2.36	2.36
23	1.96	1.96	58	2.37	2.37
24	1.98	1.98	59	2.38	2.38
25	2.00	2.00	60	2.39	2.39
26	2.02	2.02	61	2.40	2.40
27	2.04	2.04	62	2.41	2.41
28	2.06	2.06	63	2.42	2.42
29	2.07	2.07	64	2.43	2.43
30	2.09	2.09	65	2.44	2.44
31	2.10	2.10	66	2.45	2.45
32	2.11	2.11	67	2.46	2.46
33	2.12	2.12	68	2.47	2.47
34	2.13	2.13	69	2.48	2.48
35	2.14	2.14	70	2.49	2.49
			Oversized	6.98	6.98

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.

Daniel J. Foucheaux, Jr.

475 L'Enfant Plaza West, S.W. Washington, D.C. 20260–1137 (202) 268–268-2989, Fax –5402 December 17, 2001