

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

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RIDE-ALONG EXPERIMENT EXTENSION

Docket No. MC2001-3

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. MC2001-3:

Decision of the Governors of the United States Postal Service on the Recommended Decision of the Postal Rate Commission on Periodicals Ride-Along Experiment Extension, Docket No. MC2001-3 (February 4, 2002).

A copy of the Governors Decision is attached, along with its attachment reflecting the resulting change to Domestic Mail Classification Schedule 443.1a. Also attached is the resolution of the United States Postal Service Board of Governors establishing the implementation date for the change approved by the Governors.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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February 15, 2002

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE
ON THE RECOMMENDED DECISION OF THE POSTAL RATE COMMISSION
ON PERIODICALS RIDE-ALONG EXPERIMENT EXTENSION,
DOCKET NO. MC2001-3**

February 4, 2002

STATEMENT OF EXPLANATION AND JUSTIFICATION

On January 11, 2002, the Postal Rate Commission issued its Opinion and Recommended Decision in Docket No. MC2001-3. The Commission recommends, as the Postal Service requested, extension of the two-year experiment allowing one qualifying advertising attachment or enclosure to be included (to "ride along") in a Periodicals publication for a flat rate of 10 cents, in addition to the usual postage for the host publication. Before the experiment, advertising enclosures or attachments¹ were charged Standard Mail rates, as if they were separately mailed advertising pieces, even though they are processed as one piece with the publication.

This experiment was implemented as a result of Docket No. MC2000-1 on February 26, 2000. The two-year experiment period will expire on February 26, 2002.

Based on the results of the experiment, the Board requested, as part of the omnibus rate request filed on September 24, 2001, as Docket No. R2001-1, that the Commission recommend the Ride-Along classification as a permanent service with a rate of 12.4 cents. Because the rate case was not expected to be concluded before the expiration of the experiment, the Board filed a separate Request on September 28, asking the Commission to recommend an extension of the experiment, pending resolution of the rate case. This would allow the experiment to continue beyond

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

February 26, 2002, at the current 10-cent rate, until the date that the new Periodicals rates resulting from the rate case are to be implemented. Assuming that the Commission recommends making the Ride-Along classification permanent, then the service would continue indefinitely. In the event that the Commission were to decline to make that recommendation, then the implementation date for the new Periodicals rates would mark the end of the experiment.

Following negotiations among the participants in the proceeding, the Postal Service filed, on December 7, 2001, a motion asking the Commission to base its recommendation on a Stipulation and Agreement settling all the issues in the case. The Stipulation and Agreement followed the terms of the Postal Service's original request. The Stipulation and Agreement was signed by the Commission's Office of the Consumer Advocate and by three of the four intervenors. The fourth intervenor indicated that he did not oppose the settlement.

The Commission's Recommended Decision incorporates the proposed change to Domestic Mail Classification Schedule § 443.1a. 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 and of the Commission's rapid issuance of its Opinion and Recommended Decision, the Postal Service is able to implement extension of the experiment without any interruption of Ride-Along service and the disruption that would result to mailers and the Postal Service.

We have concluded that the classification change 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 change in classification recommended by the Commission.

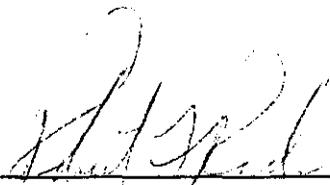
ESTIMATE OF ANTICIPATED REVENUE

Extension of the experiment, due to its limited nature, is not expected to have any significant effect on anticipated revenue. Total revenue for the first four quarters of the experiment totaled \$9.9 million. We note that the cost and revenue effects of the experiment, to the extent available, have been documented as part of the omnibus rate case.

ORDER

In accordance with the foregoing Decision of the Governors, the change in classification set forth in the Attachment is hereby approved and ordered into effect. In accordance with Resolution 02-5 of the Board of Governors dated February 4, 2002, the changes will take effect at 12:01 a.m. on February 24, 2002.

By The Governors:



Chairman

PERIODICALS CLASSIFICATION SCHEDULE

443 Attachments and Enclosures

443.1 General.

443.1a ***

This provision expires on [February 26, 2002] the effective date to be set by the Board of Governors for Rate Schedules 421 and 423 resulting from Docket No. R2001-1.

RESOLUTION OF THE BOARD OF GOVERNORS

OF THE

UNITED STATES POSTAL SERVICE

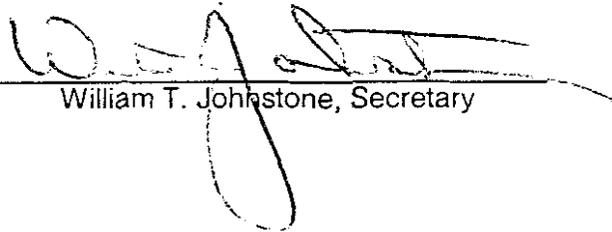
Resolution No. 02-5

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 that was ordered to be placed into effect by the Decision of the Governors of the United States Postal Service on the Recommended Decision of the Postal Rate Commission on Periodicals Ride-Along Experiment Extension, Docket No. MC2001-3, adopted on February 4, 2002, shall become effective at 12:01 a.m. on February 24, 2002.

The foregoing Resolution was adopted by the Board of Governors on February 4, 2002.


William T. Johnston, 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.



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February 15, 2002