

**OFFICIAL TRANSCRIPT OF PROCEEDINGS
BEFORE THE
POSTAL RATE COMMISSION**

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

In the Matter of:)
)
EXPERIMENTAL PERIODICALS) Docket No. MC2002-3
CO-PALLETIZATION DROPSHIP)
DISCOUNTS)

Pages: 1 through 12
Place: Washington, D.C.
Date: October 30, 2002

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POSTAL RATE COMMISSION

In the Matter of:)
)
 EXPERIMENTAL PERIODICALS) Docket No. MC2002-3
 CO-PALLETIZATION DROPSHIP)
 DISCOUNTS)

Room No. 300
 Postal Rate Commission
 1333 H Street, N.W.
 Washington, D.C.

Volume 1
 Wednesday, October 30, 2002

The above-entitled matter came on for prehearing conference, pursuant to notice, at 1:57 p.m.

BEFORE:

HON. GEORGE A. OMAS, CHAIRMAN
 HON. RUTH Y. GOLDWAY, VICE-CHAIRMAN
 HON. DANA B. "DANNY" COVINGTON, COMMISSIONER
 HON. TONY HAMMOND, Commissioner

APPEARANCES:

On behalf of the United States Postal Service:

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 BRIAN T. REIMER, Esquire
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APPEARANCES: (cont'd.)

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On behalf of American Business Media:

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On behalf of American Postal Workers Union, AFL-CIO:

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On behalf of Association of Priority Mail Users, Inc.:

(No Appearance.)

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APPEARANCES: (cont'd.)

On behalf of Classroom Publishers Association:

(No Appearance.)

On behalf of Coalition of Religious Press Associations:

(No Appearance.)

On behalf of Direct Marketing Association:

(No Appearance.)

On behalf of Hearst Corporation:

(No Appearance.)

On behalf of Magazine Publishers of America, Inc.:

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On behalf of National Federation of Independent Publications:

(No Appearance.)

On behalf of National Newspaper Association:

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APPEARANCES: (cont'd.)

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On behalf of the Office of the Consumer Advocate:

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On behalf of David B. Popkens:

(No Appearance.)

On behalf of R.R. Donnelley & Sons Company:

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On behalf of Val-Pak Dealers Association, Inc.

(No Appearance.)

On behalf of Val-Pak Direct Marketing Systems, Inc.:

(No Appearance.)

P R O C E E D I N G S

(1:57 p.m.)

CHAIRMAN OMAS: Good morning, or actually good afternoon. I'm sorry. Welcome to the PRC.

This is a prehearing conference in Docket No. MC2002-3 considering the Postal Service's request for an experimental classification that authorizes two new discounts for periodical mail that is co-palletized and dropshipped to specific designation facilities. I am George Omas, Chairman of the Commission.

When the Postal Service filed its request, it indicated that it believed a settlement agreement might be possible in this case and requested authority to convene a settlement conference. The Postal Service also asked that an expedited schedule be established in this case.

Commission Order No. 1347 granted both of those requests. Subsequently, at the request of the parties, the settlement conference and this prehearing conference were deferred.

It is my understanding that a settlement conference was held on Monday, October 28, and shortly I will ask counsel to advise me on what progress has been made toward that settlement. First, however, I would like to ask counsel to identify themselves for the record.

United States Postal Service?

MR. RUBIN: I'm David Rubin for the Postal

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1 Service, and with me today is Brian Reimer.

2 CHAIRMAN OMAS: Alliance of Non-Profit Mailers?

3 MR. LEVY: Good afternoon. David Levy for the
4 Alliance of Non-Profit Mailers.

5 CHAIRMAN OMAS: Thank you. American Business
6 Media Press?

7 MR. STRAUSS: I'm David Strauss for American
8 Business Media. They got rid of the Press when they added
9 the Media, so just American Business Media.

10 CHAIRMAN OMAS: American Postal Workers Union,
11 AFL-CIO?

12 MS. CATLER: Good afternoon. Susan Catler for the
13 American Postal Workers Union, AFL-CIO.

14 CHAIRMAN OMAS: Thank you. I'm sorry, Mr.
15 Strauss. I did add the Press on there.

16 AOL-Time Warner, Inc.

17 MR. KEEGAN: Timothy Keegan appearing with John M.
18 Burzio for AOL-Time Warner.

19 CHAIRMAN OMAS: Association of American
20 Publishers?

21 MR. PRZYPYSZNY: John Przepyszny for the
22 Association of American Publishers.

23 CHAIRMAN OMAS: Association of Priority Mail
24 Users, Inc.?

25 (No response.)

1 CHAIRMAN OMAS: Classroom Publishers Association?

2 (No response.)

3 CHAIRMAN OMAS: Coalition of Religious Press

4 Associations?

5 (No response.)

6 CHAIRMAN OMAS: Direct Marketing Association?

7 (No response.)

8 CHAIRMAN OMAS: Hearst Corporation?

9 (No response.)

10 CHAIRMAN OMAS: Magazine Publishers of America,

11 Inc.?

12 MR. MYERS: Good afternoon. Pierce Myers for

13 Magazine Publishers of America.

14 CHAIRMAN OMAS: Thank you. National Federation of

15 Independent Publications?

16 (No response.)

17 CHAIRMAN OMAS: National Newspaper Association?

18 MS. RUSH: Good afternoon. Tonda Rush for

19 National Newspaper Association.

20 CHAIRMAN OMAS: Newspaper Association of America?

21 MR. BAKER: Good afternoon, Mr. Chairman. Bill

22 Baker for the Newspaper Association of America.

23 CHAIRMAN OMAS: Thank you. Office of the Consumer

24 Advocate?

25 MR. RICHARDSON: Kenneth E. Richardson and Shelley

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1 S. Dreifuss, Director, of the Office of the Consumer
2 Advocate.

3 CHAIRMAN OMAS: David B. Popkens?

4 (No response.)

5 CHAIRMAN OMAS: R.R. Donnelley & Sons Company?

6 MR. VOLNER: Good afternoon, Mr. Chairman. Ian
7 Volner for R.R. Donnelley & Sons Company.

8 CHAIRMAN OMAS: Val-Pak Dealers Association, Inc.?

9 (No response.)

10 CHAIRMAN OMAS: Val-Pak Direct Marketing Systems,
11 Inc.?

12 (No response.)

13 CHAIRMAN OMAS: Is there anyone else I've missed?

14 (No response.)

15 CHAIRMAN OMAS: Thank you. Today's Federal
16 Register included a Postal Service proposed rule for
17 accommodating co-palletized mailings when only a portion of
18 the pallet is entitled to the so-called red tag service.
19 That seems to be an indication that progress is being made
20 in working out the details of this proposal.

21 Now I think we've come to the time to find out
22 whether progress has been made towards settlement. Mr.
23 Rubin?

24 MR. RUBIN: Thank you, Chairman. We had what I
25 consider a successful settlement conference on Monday. We

1 discussed one rate design issue that the OCA has raised and
2 reached a consensus that the Postal Service's proposed rate
3 design would not be challenged. At this point I believe
4 that no participant sees a need for hearing.

5 We have circulated a draft stipulation and
6 agreement and received some comments on that at the
7 settlement conference, and we're working on a revised
8 stipulation and agreement right now. We hope to start
9 obtaining signatures soon thereafter.

10 We also discussed the Chairman's concern about the
11 data collection plan, and, while we're still checking, it
12 appears that participants would be able to provide us the
13 information we would need to report the numbers of
14 publication titles and pallets and pounds using the
15 experimental discounts.

16 When we work out the details, we can update the
17 response to Question 1 of the Chairman's Information Request
18 No. 1.

19 CHAIRMAN OMAS: I thank you, Mr. Rubin.

20 Is there anyone else here who would like to
21 comment at this point?

22 (No response.)

23 CHAIRMAN OMAS: Mr. Rubin, can you inform the
24 prehearing conference today as to when you might be filing a
25 status report or a settlement agreement? I'd like to ask if

1 we could have something in writing by November 8?

2 MR. RUBIN: That seems quite reasonable.

3 CHAIRMAN OMAS: All right. Thank you.

4 I have one additional procedural matter that
5 should be discussed this afternoon. Commission Order No.
6 1349 was issued last week. In that Order, the Commission
7 announced that electronic filing of documents would become
8 the standard procedure on January 7, 2003.

9 The Commission then announced that it would accept
10 electronic filing of documents in ongoing cases at the
11 convenience of the parties. Let me emphasize that the
12 Commission wants to make the transition to electronic filing
13 as easy as possible for all those concerned.

14 Commission staff will be available to answer any
15 questions you may have about filing on-line in the hearing
16 room at the end of today's conference. If you have any
17 trouble at all in using the Commission's filing on-line
18 system, please do not hesitate to contact the Commission so
19 that we can assist you in any way possible. Please call the
20 Commission's Docket Section at (202) 789-6846, and they will
21 direct your call to someone with the appropriate experience
22 to assist you.

23 Has anyone had any problem at this juncture with
24 the system?

25 (No response.)

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1 CHAIRMAN OMAS: Is there any participant unable to
2 receive service by accessing the Commission's website?

3 (No response.)

4 CHAIRMAN OMAS: Hearing nothing, I'm sure that's a
5 good sign. If during the course of this case you identify a
6 way we could improve our system, we would be very pleased
7 for you to let us know.

8 There are several outstanding procedural motions.
9 We have deferred action pending today's report on the
10 potential for settlement. Unless there is a need for an
11 immediate ruling on any of these issues, these matters will
12 remain under advisement until we receive the next report on
13 the settlement.

14 Does any participant have any issues to raise this
15 afternoon?

16 (No response.)

17 CHAIRMAN OMAS: There being none, I'd like to
18 thank you all for being here this afternoon. At this point,
19 this prehearing conference is adjourned. Thank you.

20 (Whereupon, at 2:07 p.m. the prehearing conference
21 in the above-entitled matter was concluded.)

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REPORTER'S CERTIFICATE

1
2
3 DOCKET NO.: Experimental
4 CASE TITLE: MC2002-3
5 HEARING DATE: 10/30/02
6 LOCATION: Washington, DC
7

8 I hereby certify that the proceedings and evidence are
9 contained fully and accurately on the tapes and notes
10 reported by me at the hearing in the above case before the
11 Postal Rate Commission.
12
13

14 Date: 10/30/02

15
16 Beth ROOTS

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