

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268B0001

EXPERIMENTAL PERIODICALS  
CO-PALLETIZATION DROPSHIP  
DISCOUNTS, 2002

Docket No. MC2002-3

UNITED STATES POSTAL SERVICE MOTION FOR ESTABLISHMENT OF A  
PROCEDURAL MECHANISM AND SCHEDULE GOVERNING FURTHER  
PROCEEDINGS IN LIGHT OF PROJECTED SETTLEMENT  
(November 22, 2002)

The United States Postal Service hereby moves that the Commission establish certain procedural mechanisms designed to encourage the parties to consider expeditious resolution of the issues in this proceeding based upon a proposed Stipulation and Agreement, which would allow the Commission to expedite its consideration of the Postal Service's request. The Postal Service also hereby appends to this Motion a proposed Stipulation and Agreement for consideration by all parties in this proceeding.

In Order No. 1347,<sup>1</sup> the Commission granted the Postal Service's request for expedition in this docket. The Commission gave interested parties until October 18, 2002, to intervene. It required parties, in their notices of intervention, to state whether they intended to seek a hearing, and to identify with particularity any genuine issues of material fact that would warrant a hearing. The Commission authorized settlement negotiations, appointed Postal Service counsel as settlement coordinator, and authorized the settlement coordinator to hold a settlement conference. It also

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<sup>1</sup> Notice And Order On Filing Of Request Seeking Experimental Periodicals Discounts,

designated the Consumer Advocate to represent the general public.

Seventeen (17) parties have intervened in this proceeding. Neither the intervenors, nor the Consumer Advocate, have expressed an intention to seek a hearing, or identified any issues of material fact that would warrant a hearing. As a result of settlement negotiations, and the settlement conference held on October 28, 2002, the Postal Service believes that there is widespread support for a settlement agreement.

The Postal Service believes that a procedural schedule for the Commission to consider settlement should be established, and hereby submits its suggested schedule for additional items that may be needed to build the record and provide due process in this proceeding:

Designation of direct testimony and written cross-examination – December 4

Declarations supporting designated direct testimony, interrogatory responses, and responses to Chairman's Information Request No. 1 – December 6

Signature pages to the stipulation and agreement returned to the Postal Service and filed with the Commission – December 9

Comments in support of the settlement – December 11

Reply comments – December 13

The Postal Service appreciates the efforts of the Commission in expediting this proceeding.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

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David H. Rubin

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2986; Fax -6187  
November 22, 2002

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EXPERIMENTAL PERIODICALS CO-PALLETIZATION  
DROPSHIP DISCOUNTS, 2002

Docket No. MC2002-3

**STIPULATION AND AGREEMENT**

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

**I. BACKGROUND**

On September 26, 2002, pursuant to 39 U.S.C. §3623, the United States Postal Service filed with the Postal Rate Commission a request for a decision recommending the establishment of an experimental change in the Domestic Mail Classification Schedule (DMCS) to establish rate categories and discounts for Periodicals mail that is co-palletized and dropshipped. The request was designated as Docket No. MC2002-3 by the Commission. The basis for the request is explained in the Docket No. MC2002-3 direct testimony of witness Altaf Taufique (USPS-T-1).

## **II. TERMS AND CONDITIONS**

1. This Stipulation and Agreement represents a negotiated settlement of all issues raised by the Docket No. MC2002-3 Request of the United States Postal Service For A Recommended Decision On Experimental Periodicals Co-Palletization Dropship Discounts.

2. The undersigned participants stipulate and agree, for purposes of this proceeding only, that the following materials provide substantial evidence supporting and justifying a Recommended Decision recommending the experimental changes to DMCS §§ 421 and 443, and Rate Schedule 421 proposed by the Postal Service in Docket No. MC2002-3: the Docket No. MC2002-3 direct testimony and materials filed in support of the Postal Service's Request, and any written cross-examination or responses to Chairman's Information Requests, as revised and supplemented, that are designated before the record closes. The proposed DMCS language and proposed rate schedule changes are attached to this Stipulation and Agreement.

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

4. This Stipulation and Agreement is offered in total and final settlement of this proceeding. The undersigned participants agree that they will file no further pleadings or testimony with the Commission in this proceeding, with the exception of:

(a) pleadings or testimony explicitly requested by the Commission or in reply to such pleadings; (b) pleadings or testimony opposing pleadings or testimony filed in opposition to this Stipulation and Agreement; or (c) pleadings, testimony or comments in support of this Stipulation and Agreement.

5. If the Commission adopts a Recommended Decision that materially differs from the experimental classification and fees as filed in this Stipulation and Agreement, or if the Governors of the Postal Service fail to approve the Commission's Recommended Decision adopting the experimental classification and fees as filed by the Postal Service, then each signatory reserves the right to withdraw from this Stipulation and Agreement. Any signatory withdrawing under the terms of this paragraph must provide written notice of its intention to withdraw to all participants within five (5) business days of the occurrence of the specific event giving rise to the right to withdraw. Any exercise of such right by one or more signatories shall not affect the operation of this Stipulation and Agreement as to other signatories.

6. This Stipulation and Agreement pertains only to the instant proceeding. The undersigned participants shall not be considered as necessarily agreeing with or conceding the applicability of any ratemaking principle, any method or principle of classification, any terms and conditions of service, any method of cost of service determination, any principle or method of rate or fee design, the validity or use of any

data relied upon by the Postal Service in this docket for any other purposes or in any other classification or ratemaking proceeding, or the application of any rule or interpretation of law, that may underlie, or be thought to underlie, this Stipulation and Agreement.

7. In any future negotiation or proceeding (other than any proceedings involving the honoring, enforcement, or construction of this Stipulation and Agreement), the undersigned participants shall not be bound or prejudiced by this Stipulation and Agreement, nor shall any participant rely for any purpose on the fact that another participant entered into or did not oppose this Stipulation and Agreement. The undersigned participants also agree that, to the extent that matters presented in the Docket No. MC2002-3 Request, in any Commission Recommended Decision on that Request, or in any decision of the Governors of the Postal Service in this proceeding, have not actually been litigated, the resolution of such matters will not be entitled to precedential effect in any other proceeding.

8. The undersigned participants request that the Commission expeditiously issue a decision recommending adoption of the experimental DMCS and Rate Schedule provisions appended to this Stipulation and Agreement.

9. This Stipulation and Agreement represents the entire agreement of the signatories, and supersedes any understandings or representations not contained herein.

\* Signature pages are attached.

**Docket No. MC2002-3**

PROPOSED DMCS LANGUAGE

PERIODICALS  
CLASSIFICATION SCHEDULE

[New Section for Co-palletization Dropship Discount:]

421.50      **Co-palletization Dropship Discount.** The co-palletization dropship discount applies to Outside County subclass nonletter mail qualifying under section 421.49, that is presented on sectional center facility (SCF) or area distribution center (ADC) pallets containing more than one publication, as specified by the Postal Service. The discount is limited to those pieces which could not be prepared on a qualifying pallet under section 421.48 or 421.49, if the mail had been prepared without such combining.

A participating mailer or consolidator must provide pre-consolidation and post-consolidation documentation for all qualifying pieces, as specified by the Postal Service.

This section expires the later of:

- a. two years after the implementation date for the section specified by the Board of Governors, or
- b. if, by the expiration date specified in (a), a proposal for a permanent co-palletization dropship discount is pending before the Postal Rate Commission:
  - (1) three months after the Commission takes action on such request under 39 U.S.C. § 3624 or, if applicable,
  - (2) on the implementation date for a permanent co-palletization dropship discount.



PERIODICALS  
CLASSIFICATION SCHEDULE

[Ride Along Erratum:]

- 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.

(Delete ~~lined-out~~ language.)

Docket No. MC2002-3

PROPOSED RATE SCHEDULE CHANGES

**PERIODICALS  
RATE SCHEDULE 421**

**OUTSIDE COUNTY (INCLUDING SCIENCE OF AGRICULTURE)**

	<b>Postage Rate Unit</b>	<b>Rate</b>
<b>Outside County</b>		
<b>Advertising</b>		
Destinating delivery unit	Pound	\$ 0.158
Destinating SCF	Pound	0.203
Destinating ADC	Pound	0.223
Zones 1 & 2	Pound	0.248
Zone 3	Pound	0.267
Zone 4	Pound	0.315
Zone 5	Pound	0.389
Zone 6	Pound	0.466
Zone 7	Pound	0.559
Zone 8	Pound	0.638
<b>Nonadvertising</b>	<u>Pound</u>	0.193
<b>Science of Agriculture</b>		
<b>Advertising</b>		
Delivery unit	Pound	0.119
SCF	Pound	0.152
DADC	Pound	0.167
Zones 1 & 2	Pound	0.186
Zone 3	Pound	0.267
Zone 4	Pound	0.315
Zone 5	Pound	0.389
Zone 6	Pound	0.466
Zone 7	Pound	0.559
Zone 8	Pound	0.638
<b>Nonadvertising</b>	<u>Pound</u>	0.193
<b>Outside County and Science of Agriculture</b>		
<b>Basic</b>		
Nonautomation	Piece	0.373
Automation letter	Piece	0.281
Automation flat	Piece	0.325
<b>3-Digit</b>		
Nonautomation	Piece	0.324
Automation letter	Piece	0.249
Automation flat	Piece	0.283

**5-Digit**

Nonautomation	Piece	0.256
Automation letter	Piece	0.195
Automation flat	Piece	0.226

**Carrier Route**

Basic	Piece	0.163
High density	Piece	0.131
Saturation	Piece	0.112

**Discounts**

Percentage editorial discount	Piece	0.00074
Worksharing discount DDU	Piece	0.018
Worksharing discount DSCF	Piece	0.008
Worksharing discount DADC	Piece	0.002
Worksharing discount pallets	Piece	0.005
Worksharing dropship pallet discount	<u>Piece</u>	0.010

Experimental Discounts:

<u>Co-palletization discount DSCF</u>	<u>Piece</u>	<u>0.010</u>
<u>Co-palletization discount DADC</u>	<u>Piece</u>	<u>0.007</u>

**SCHEDULE 421 NOTES**

1. The rates in this schedule also apply to Nonprofit (DMCS Section 422.2) and Classroom rate categories. These categories receive a 5 percent discount on all components of postage except advertising pounds. Moreover, the 5 percent discount does not apply to commingled nonsubscriber, nonrequestor, complimentary, and sample copies in excess of the 10 percent allowance under DMCS sections 412.34 and 413.42, or to Science of Agriculture mail.
2. Rates do not apply to otherwise Outside County mail that qualifies for the Within County rates in Schedule 423.
3. Charges are computed by adding the appropriate per-piece charge to the sum of the nonadvertising pound portion and the advertising pound portion, as applicable.
4. For postage calculations, multiply the proportion of nonadvertising content by this factor and subtract from the applicable piece rate.
5. Advertising pound rate is not applicable to qualifying Nonprofit and Classroom publications containing 10 percent or less advertising content.
6. For a Ride-Along item enclosed with or attached to a periodical, add \$0.124 per copy.
7. Experimental discounts expire the later of a) two years after the implementation date for DMCS section 421.50 specified by the Board of Governors, or b) if, by the expiration date specified in (a), a proposal for a permanent co-palletization dropship discount is pending before the Postal Rate Commission, then 1) three months after the Commission takes action on such request under 39 U.S.C. § 3624 or, if applicable, 2) on the implementation date for a permanent co-palletization dropship discount.

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**SIGNATURE PAGE FOR STIPULATION AND AGREEMENT**

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

November 22, 2002

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**SIGNATURE PAGE FOR STIPULATION AND AGREEMENT**

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For Intervenor:

\_\_\_\_\_

Date: \_\_\_\_\_

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**SIGNATURE PAGE FOR STIPULATION AND AGREEMENT**

\_\_\_\_\_

Pro Se

Date: \_\_\_\_\_

## **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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David H. Rubin

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2986; Fax -6187  
November 22, 2002