

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

EXPERIMENTAL PRIORITY MAIL FLAT-RATE
BOX, 2004

Docket No. MC2004-2

UNITED STATES POSTAL SERVICE REQUEST FOR ESTABLISHMENT OF
SETTLEMENT PROCEDURES
(June 3, 2004)

The United States Postal Service hereby requests that the Commission establish settlement procedures for this proceeding. The Postal Service is proposing a two-year experiment involving introduction of a flat-rate box rate for Priority Mail parcels. Two box shapes that share a volume of 0.34 cubic feet and a single price are planned. The proposed experimental classification is simple and of a limited scope and duration. No change to current Priority Mail rates is proposed, and all current zone- and weight-rated service options will remain. The flat-rate box simply constitutes an additional Priority Mail service option and rate.

Testimony supporting the flat-rate box request is straightforward. With respect to the proposed price, witness Loetscher conducted a density study by surveying actual Priority Mail parcels. The mailpiece characteristics of the over 5000 surveyed pieces are included in his testimony (USPS-T-3) or associated library reference (USPS-LR-2/MC2004-2) together with the statistical processing steps that generated nationally projected results. Witness Scherer (USPS-T-1) uses this data to construct a proposed

price. Witness Scherer also draws upon Witness Barrett's (USPS-T-2) description of the value, simplicity, and convenience of the flat-rate box, and its avoidance of the need for weighing and rating, to inform the proposed price. As the witness who draws together the testimony to shape the specific Request to the Commission, witness Scherer presents the heart of the flat-rate box proposal.

The Postal Service accordingly asks that the Commission establish two dates in furtherance of a possible settlement of this docket. The first would be for an informal, off-the-record technical conference in which witness Scherer explains and responds to questions about how he built the proposed price. The second date, which ideally would follow the first by a few days, would be for a settlement conference. It would be beneficial for both the technical and settlement conferences to occur in advance of the prehearing conference.¹ For the convenience of all concerned, the Postal Service also hereby requests permission to convene and conduct the technical conference in the Commission's hearing room.

Rule 67d requires the Commission to issue a recommended decision no more than 150 days from the later of either the filing of the Request or a determination that the case may properly be considered under the experimental rules. With the simplicity of this Request, a favorable opinion could be issued by October, which could allow the Postal Service sufficient time to manufacture boxes and implement the flat-rate box during the holiday mailing season; a settlement could facilitate its earlier availability.

¹ In the event some intervenor(s) should enter an appearance subsequent to one or both of these conferences, Postal Service counsel would contact them directly and explain what has occurred.

The Postal Service believes that the customer benefits, simplicity, and minor financial impact of the flat-rate box commend a settlement. A quick resolution would be particularly helpful since the convenience of the flat-rate box should make it popular among consumers, and its availability during most or all of the holiday mailing season should be well received. Since witness Scherer will be unavailable from June 24 through July 5, the Postal Service requests that the Commission formally schedule the suggested technical conference sometime on June 21-23, 2004. The settlement conference could be scheduled the following week, with the prehearing conference taking place the week after the July 4 holiday weekend.

The minimal classification changes embodied in the Postal Service Request should lend themselves to expeditious and uncomplicated review. In light of the foregoing, and of the flexibility envisioned by the experimental rules, the Postal Service requests the Commission's assistance in establishing settlement procedures for this proceeding.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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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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