

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

RATE AND SERVICES CHANGES TO
IMPLEMENT FUNCTIONALLY EQUIVALENT
NEGOTIATED SERVICE AGREEMENT WITH
BANK ONE CORPORATION

Docket No. MC2004-3

REPORT OF SETTLEMENT COORDINATOR
(August 5, 2004)

The Postal Service, as settlement coordinator, has continued to meet with other parties in this proceeding outside the context of formal discovery.

Specifically, the Postal Service and Bank One have met with the Office of the Consumer Advocate to explain the Postal Service's model, witness Buc's model and to answer questions concerning these models. They also have participated in a teleconference with Valpak in order to explain the Postal Service's model, and possibly narrow the volume and focus of discovery in this case.

At this time, no further settlement conferences are scheduled. As set forth in Presiding Officer's Ruling No. MC2004-3/1, discovery will be allowed on the co-proponents' direct case through today. Moreover, today is also the deadline under Presiding Officer's Ruling No. MC2004-3/1 for reply comments on the limitation of issues. Further, as stated in the previous settlement report (filed July 22, 2004), the OCA and Val-Pak have indicated that they should be able to decide by August 17 whether they will seek oral cross-examination of the co-proponents' witnesses. At that point, a reassessment of the situation should be in order.

The next report of the settlement coordinator will be filed on August 19, 2004.

Respectfully submitted,
U.S. POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Nan K. McKenzie

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.

Nan K. McKenzie

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1134
(202) 268-3089; Fax -5402
August 5, 2004