

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

RATE AND SERVICES CHANGES TO
IMPLEMENT FUNCTIONALLY EQUIVALENT
NEGOTIATED SERVICE AGREEMENT WITH
DISCOVER FINANCIAL SERVICES, INC.

Docket No. MC2004-4

REPORT OF SETTLEMENT COORDINATOR
(August 19, 2004)

The Postal Service, as settlement coordinator, and Discover have continued to discuss some of the issues presented in this proceeding with other parties outside the context of formal discovery, namely the Office of the Consumer Advocate and Valpak.

At this time, no further settlement conferences are scheduled. As set forth in Presiding Officer's Ruling No. MC2004-4/2, parties will have until August 20, 2004 to request cross examination of the Postal Service's and Discover's witnesses.

The Postal Service has discussed with some participants when briefs might be filed based on the assumption that no further hearings are required. At least one participant will be unable to produce an initial brief before September 1, 2004. If initial briefs were thus due on September 1, 2004, with reply briefs due one week later, the Commission would have some time to prepare its recommended decision before the time-frame contained in Rule 196 is exhausted. The undersigned has spoken with the counsel for two of the participants, OCA and Valpak, who concur with this proposal.

The next report of the settlement coordinator will be filed on September 2,
2004.

Respectfully submitted,

U.S. POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Brian Reimer

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.

Brian Reimer

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3037; Fax -5402
August 19, 2004