

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

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EXPERIMENTAL PREMIUM  
FORWARDING SERVICE

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Docket No. MC2005-1

MOTION OF THE UNITED STATES POSTAL SERVICE  
FOR CONSIDERATION OF ATTACHED STIPULATION AND AGREEMENT  
AS THE BASIS FOR RECOMMENDED DECISION  
(March 1, 2005)

The United States Postal Service hereby moves that the Commission base its recommended decision in this docket on the Stipulation and Agreement filed herewith, in accordance with 39 U.S.C. §§ 3622 and 3623. The Stipulation and Agreement and its attachments address issues raised during the course of settlement discussions. The Postal Service expects that three of the four participants in this proceeding will be signing the Stipulation and Agreement.<sup>1</sup>

Most recently on February 14, 2005, the Postal Service advised the Presiding Officer of progress towards a settlement in this docket, including the fact that no hearing would be necessary.<sup>2</sup> The Presiding Officer acknowledged that report and directed the filing of a further report by March 2, 2005.<sup>3</sup> The Postal Service files this Motion in lieu of any further report, since the respective contents would be similar.

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<sup>1</sup> The Postal Service's signature page is attached to this pleading.

<sup>2</sup> Second Written Report of United States Postal Service Regarding Status of Settlement Discussions.

<sup>3</sup> Presiding Officer's Ruling No. 3/MC2005-1 (February 16, 2005).

The Stipulation and Agreement embodies changes or additions in two areas, compared to the proposal as originally filed. The first is a revised data collection plan (Attachment C to the Stipulation and Agreement). The data collection plan is expanded to include data on how the Postal Service informs customers about Premium Forwarding Service (PFS), and on market research that reflects customer satisfaction with PFS. The second change is a revised version of DMCS 937.11, to reflect how different types of mail would be treated under PFS. These changes are consistent with the statutory criteria and the policies of the Act.

For these reasons and for those set forth in the Request, the Postal Service asks that the Commission base its recommended decision in this docket on the Stipulation and Agreement filed today. The Postal Service also requests that the Commission establish a procedural schedule that will allow completion of the evidentiary record in this proceeding, the filing of signature pages, and an opportunity for participants to comment on the settlement.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

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**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 November 19, 2004, 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 create a new classification and fees for the provision of Premium Forwarding Service (PFS), under which the Postal Service would reship the mail of a customer who has temporarily relocated primarily through a weekly Priority Mail shipment. The Commission designated the request as Docket No. MC2005-1. The basis for the request is explained in the Docket No. MC2005-1 direct testimony of witnesses Arnetta L. Cobb (USPS-T-1), Beth B. Rothschild (USPS-T-2), Abdulkadir M. Abdirahman (USPS-T1-3), and Samuel J. Koroma (USPS-T-4).

## II. TERMS AND CONDITIONS

1. This Stipulation and Agreement represents a negotiated settlement of all issues raised by the Docket No. MC2005-1 Request of the United States Postal Service for a Recommended Decision on Experimental Premium Forwarding Service.

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 proposed experimental changes to DMCS § 937, and Fee Schedule 937: the Docket No. MC2005-1 direct testimony and materials filed in support of the Postal Service's Request, and any written cross-examination, as revised and supplemented, that is designated before the record closes. The proposed DMCS language, fee schedule changes, and data collection plan are attached to this Stipulation and Agreement as Attachments A to C, respectively.

3. On the basis of such record, for purposes of this proceeding only, the undersigned participants stipulate and agree that the experimental DMCS and Fee Schedule changes set forth in the Attachments 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, 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. This condition shall not apply to proceedings involving the honoring, enforcement, or construction of this Stipulation and Agreement, a judicial appeal in this case pursuant to 39 U.S.C. § 3628, or a complaint proceeding under 39 U.S.C. § 3662 challenging the lawfulness of the fees and classifications agreed to in this Stipulation and Agreement, recommended by the Commission, and approved by the Postal Service Governors. The foregoing limitation on the application of this condition shall not restrict any party in an appeal or complaint proceeding from arguing that changed circumstances justify challenging the fees or classifications in whole or in part, notwithstanding this provision.

8. To help determine the operational needs of the PFS service in the event permanent classification authority is requested, the Postal Service will undertake the following action during the experimental period. The Postal Service will devise a method during the experimental period to estimate the volume of additional PFS weekly shipment packages (in excess of the expected single weekly shipment package), and the volume of packages that will be re-routed to PFS customers as Priority Mail postage due, through the use of one or more of (a) the existing ODIS-RPW system; (b) other special study; (c) master logs and tracking logs maintained at local post offices; or (d) customer questionnaires. To the extent possible and practicable, the Postal Service will develop indicators of statistical reliability for each estimate. The Postal Service will document the methods used to construct all estimates and, as appropriate, indicators of statistical reliability.

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

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

\* Signature pages are attached.

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## PROPOSED DMCS CHANGES

## Special Services Classification Schedule

\* \* \*

**937** **PREMIUM FORWARDING SERVICE****937.1** **Definition**

**937.11** Premium Forwarding Service provides residential delivery customers, and certain post office box customers, the option to receive substantially all classes of mail addressed to a primary address instead at a temporary address by means of a weekly Priority Mail shipment. Parcels that are too large for the weekly shipment, mail pieces that require a scan upon delivery or arrive postage due at the office serving the customer's primary address, and certain Priority Mail pieces may be re-routed as specified by the Postal Service. Re-routed Express Mail, First-Class Mail, and Priority Mail pieces incur no additional reshipping charges. Re-routed Standard Mail and Package Service pieces may be re-routed postage due, primarily Priority Mail postage due, as specified by the Postal Service. Mail sent to a primary address for which an addressee has activated Premium Forwarding Service is not treated as undeliverable-as-addressed.

**937.2** **Availability**

**937.21** Premium Forwarding Service is available for a period of at least two weeks and not more than twelve months, as specified by the Postal Service. Customers may not use Premium Forwarding Service simultaneously with temporary or permanent forwarding orders. Premium Forwarding Service is not available to customers whose primary address consists of a size three, four or five post office box, subject to exceptions allowed by the Postal Service, or a centralized delivery point.

**937.3** **Customer Requirements**

**937.31** A customer must complete and submit a Premium Forwarding Service application together with all postage and fees for the full duration of service to the post office responsible for delivery to that customer's primary address, as specified by the Postal Service.

Additions are underlined; no deletions are proposed.

**937.4**      **Other Services**

**937.41**      Premium Forwarding Service may not be combined with any ancillary or special services beyond those purchased by the original mailer.

**937.5**      **Rates and Fees**

**937.51**      The postage rate for mail reshipped by Premium Forwarding Service consists of the rate specified in Rate Schedule 223 for a three-pound parcel mailed to zone 6 on the enrollment date.

**937.52**      Fees for Premium Forwarding Service are specified in Fee Schedule 937.

**937.6**      **Duration of the Premium Forwarding Service Experiment**

**937.61**      The provisions of section 937 expire the later of:

- a.      two years after the implementation date specified by the Postal Service Board of Governors, or
- b.      if, by the expiration date specified above, a request for the establishment of a permanent Premium Forwarding Service is pending before the Postal Rate Commission, the later of :
  - (1)      three months after the Commission takes action on such proposal under section 3624 of title 39, or, if applicable,
  - (2)      the implementation date for a permanent Premium Forwarding Service classification.

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## PROPOSED FEE SCHEDULE CHANGES

FEE SCHEDULE 937PREMIUM FORWARDING SERVICE

<u>Description</u>	<u>Fee (\$)</u>
<u>Enrollment fee</u>	<u>10.00</u>
<u>Weekly reshipment fee</u>	<u>2.85*</u>

\* This fee is in addition to the postage applicable to a 3-pound parcel mailed to zone 6, as stated in Rate Schedule 223 (Priority Mail).

Additions are underlined; no deletions are proposed.

### **MC2005-1 Data Collection Plan**

The following describes the Postal Service's data collection plan for the Premium Forwarding Service (PFS) experiment. A major purpose of the data collection plan is to determine zone and weight of weekly PFS Priority Mail shipments. This plan is designed to collect data required by the Commission's Rules 64 and 54 and data needed for postal management's evaluation of the proposed classification change.

The Postal Service's first preference is to rely upon existing data systems to estimate average zone and weight of PFS Priority Mail. If necessary, special studies would be conducted to generate these estimates. The experiment would also permit qualitative evaluation of planned operations as a guide to whether operational changes would be necessary for any permanent service.

From the date that the PFS service is implemented, through the course of the experiment, the Postal Service will collect and report the following information with the Commission more or less every six months so that subsequent reports harmonize with the quarterly data systems reports:

1. Number of PFS customers;
2. Number of weekly PFS mail reshipments (number using flat rate envelopes reported separately);
3. PFS revenue;
4. Zone and weight of PFS reshipments; and
5. A qualitative summary of major issues that have arisen.

In addition, the following information shall be reported after the first year of operation, starting with the second six-month report:

1. A table prepared by the Postal Service that informs customers and the public of the potential need to pay postage due, including Priority Mail postage due, in addition to the weekly and enrollment charges. This table should be as informative as the table attached to the response to interrogatory OCA/USPS-T1-32.

2. To the extent possible and practicable, either physical or electronic copies of any posters, rack labels, enclosures in Priority Mail boxes, Internet information, Customer Mailing Guide information, retail signage, and other advertising and informational materials used to inform the public of the experimental PFS service.

Finally, starting with the third six-month report, the Postal Service will present the results of any market research conducted by the Postal Service that reflects (a) customer satisfaction with the experimental PFS service and (b) the extent to which any dissatisfaction stems from inadequate explanation of the potential need to pay for postage due, including Priority Mail postage due, for mail not included in weekly PFS shipments.

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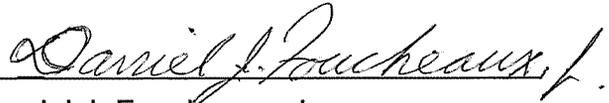
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**SIGNATURE PAGE FOR STIPULATION AND AGREEMENT**



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

Date: March 1, 2005

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**SIGNATURE PAGE FOR STIPULATION AND AGREEMENT**

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Shelley S. Dreifuss  
Director  
Office of the Consumer Advocate

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

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Pro Se

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