

Before the
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Postal Rate and Fee Changes, 2005)

Docket No. R2005-1

OFFICE OF THE CONSUMER ADVOCATE
NOTICE OF RECEIPT OF LETTER FROM
POSTMASTER GENERAL POTTER DETAILING THE
AGREEMENT REACHED BETWEEN THE POSTAL SERVICE AND OCA
(July 25, 2005)

The Office of the Consumer Advocate (OCA) hereby submits to the Commission a copy of the letter signed by Postmaster General Potter setting forth the details of the agreement reached between the Postal Service and OCA. In exchange for OCA not filing a direct case, General Potter agrees to (1) establish a working group to investigate the possibility of a non-denominated, "forever" stamp, and (2) post on the Postal Service's website performance data for Express Mail, Priority Mail, First-Class Mail, and Package Services.

The non-denominated, "forever" stamp, group will be chaired by the Postal Service and will include representatives of the Greeting Card Association and OCA. To accomplish the objectives of the working group, the Postal Service will commit the resources necessary to perform the identified research. The group will hold its first meeting soon after reply briefs are filed in Docket No. R2005-1; will meet, at a minimum, every two months; and will issue a report within a year.

Performance data for Express Mail, obtained from the Product Tracking System, will be furnished, separately, for (1) Overnight, (2) Second Day, and (3) Second Delivery Day service standards. An informational chart concerning delivery times for Express

Mail (Overnight, Second Day, and Second Delivery Day) will also be posted at usps.com.

The Priority Mail End-to-End measurement system will provide performance data for the (1) Overnight and (2) Two-Day Priority Mail service standards.

For First-Class Mail, the External First-Class Measurement system will provide the data for (1) Overnight, (2) Two-Day, and (3) Three-Day First-Class Mail performance.

Package Service performance information will be obtained from Delivery Confirmation data.

The performance data listed above will be posted at the Postal Service's website and will be accessible to users of Click-N-Ship and the domestic Postage Rate Calculator. The Postal Service has agreed to post notices at its Post Offices, including stations and branches, advising patrons that performance data on Express Mail, Priority Mail, First-Class Mail, and Package Services are available at usps.com.

OCA commends the Postmaster General and the Postal Service for taking such significant steps to advance the interests of consumers.

Respectfully submitted,

Shelley S. Dreifuss, Director
Office of the Consumer Advocate

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July 22, 2005

Ms. Shelley S. Dreifuss
Director
Office of the Consumer Advocate
1333 H Street, NW
Washington, DC 20268-0001

Dear Ms. Dreifuss:

Representatives of the Office of the Consumer Advocate (OCA) and the Postal Service have recently engaged in discussions exploring the possibility of achieving an agreement whereby the OCA would refrain from filing a direct evidentiary case in Docket No. R2005-1 in return for certain commitments by the Postal Service. These discussions were successful and I am writing to confirm the terms of the resulting agreement.

Non-denominated, "forever" stamp

The Postal Service agrees to establish a working group to investigate the possibility of a non-denominated stamp that, once purchased, would be valid in the future for first-ounce, single-piece, First-Class Mail postage regardless of the then-current rate. The working group will consist of management, operational and technical personnel from the Postal Service, as necessary, and include representatives of the OCA and the Greeting Card Association (GCA).

The Postal Service will convene the first meeting of the working group with the OCA and the GCA soon after reply briefs are filed in Docket No. R2005-1. The need for specific research and analysis will be determined and initial timetables will be established. Thereafter, the working group will meet, at a minimum, every two months for the next year. The working group will be chaired by postal management. In identifying the specific research and financial analysis, the Postal Service will consider the views of the OCA and the GCA.

The Postal Service agrees to commit the resources necessary to perform the identified research and financial analysis. The research and financial analysis will include the options of a non-denominated, "forever" stamp sold at a price equal to the single-piece, first-ounce First-Class Mail rate at the time of sale, or at a premium to that rate.

No later than one year after the first meeting of the working group, with input from the OCA and the GCA, postal management will issue a report. The report will discuss the results of the research and financial analysis, and the merits, or lack thereof, of establishing a non-denominated, "forever" stamp. Should the report conclude that a non-denominated, "forever" stamp is in the interest of the Postal Service and consumers, and otherwise consistent with the policies and requirements of the Postal Reorganization Act, postal management will present the findings to the Board of Governors and discuss with the Board the desirability of filing a request for a recommended decision on a non-denominated, "forever" stamp.

USPS Posting of Service Performance Data

The Postal Service agrees to post nationwide service performance data at usps.com on a quarterly basis. The service performance data to be posted for use by postal customers will be for the following services:

- Express Mail
- First-Class Mail
- Priority Mail
- Package Services

For Express Mail, the Postal Service will provide statistical estimates representing service performance utilizing data from the Product Tracking System. The Postal Service will post estimates of the following information: (1) The percentage of Express Mail pieces scheduled to receive *overnight* service that was actually delivered overnight; (2) The percentage of Express Mail pieces scheduled to receive *Second Day* service that was actually delivered by the second day; and (3) The percentage of Express Mail pieces scheduled to receive *Second Delivery Day* service that was actually delivered by the second delivery day.

Also, with respect to Express Mail, the Postal Service agrees to produce a chart modeled on the chart presented in interrogatory OCA/UPS-194 (Docket No. R2005-1) to explain to consumers the number of days for delivery for Next Day, Second Day, and "second delivery day." The chart and informational notes thereto will be posted on the internet together with the performance data and should explain delivery on the "second delivery day," especially with respect to Express Mail mailed on a Friday or Saturday; Express Mail normally scheduled to be delivered on a Sunday or Monday when Monday is a holiday; and when the normal Express Mail delivery day falls on a holiday or when a holiday falls sometime during the period between mailing and delivery. The OCA is amenable to corrections and improvements to the chart and its informational notes in order to improve its usefulness to consumers.

The statistical system used to furnish First-Class Mail performance statistics is the External First-Class Mail measurement system (EXFC). The following information will be posted: (1) The percentage of First-Class Mail test pieces scheduled to receive *overnight* service that was actually delivered overnight; (2) The percentage of First-Class Mail test pieces scheduled to receive *two-day* service that was actually delivered in two days; and (3) The percentage of First-Class Mail test pieces scheduled to receive *three-day* service that was actually delivered in three days.

The statistical system used to furnish Priority Mail performance statistics is the Priority Mail End-to-End (PETE) measurement system. The following information will be posted: (1) The percentage of Priority Mail test pieces scheduled to receive *overnight* service that was actually delivered overnight; and (2) The percentage of Priority Mail test pieces scheduled to receive *two-day* service that was actually delivered in two days.

The Postal Service will use Delivery Confirmation data to furnish Package Services performance statistics.

The information listed above will be posted on the usps.com Web site. Links to the performance data will be placed so that users of Click-N-Ship and the domestic Postage Rate Calculator may link to the performance data during their use of these options. Also, the Postal Service will post a notice at its Post Offices, including stations and branches, advising patrons that performance data on Express Mail, First-Class Mail, Priority Mail, and Package Services are available at usps.com.

The Postal Service will make the most recent quarterly service performance data listed above available beginning the first full quarter following implementation of the rates established in

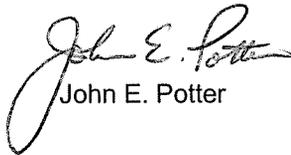
Docket No. R2005-1, or as soon thereafter as the information is available. The OCA understands that there is likely to be a lag of at least one quarter for the information provided.

Docket No. R2005-1

The OCA agrees that it will not file a direct case in the pending rate case.

I believe this agreement will benefit both mailers and the Postal Service. The Postal Service looks forward to working with you in implementing its terms.

Sincerely,



John E. Potter