

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

PARCEL RETURN SERVICE

Docket No. MC2006-1

MOTION OF THE UNITED STATES POSTAL SERVICE FOR
CONSIDERATION OF THE STIPULATION AND AGREEMENT
AS THE BASIS FOR RECOMMENDED DECISION
(January 17, 2006)

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. § 3623. The participants have engaged in settlement negotiations, as reported to the Commission at the prehearing conference on November 17, 2005. Those negotiations have been fruitful, producing the attached Stipulation and Agreement. Based on the negotiations, the settlement coordinator expects most of the participants to sign, and does not expect any opposition to this agreement.¹

For the reasons set forth in the Stipulation and Agreement and any briefs filed in accordance with the procedural schedule, the Postal Service requests that the Commission base its recommended decision in this docket on the attached Stipulation and Agreement.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

¹ Parties who wish to sign the Stipulation and Agreement should file their signature page directly with the Commission with an appropriate notice.

Brian M. Reimer

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

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

PARCEL RETURN SERVICE

Docket No. MC2006-1

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 October 17, 2005, pursuant to 39 U.S.C. § 3623, the United States Postal Service filed with the Postal Rate Commission a request for a decision recommending permanent changes in the Domestic Mail Classification Schedule (DMCS) to establish Parcel Return Service rate categories, and rates and fees, for certain parcels that are returns from customers to merchants. The request was designated as Docket No. MC2006-1 by the Commission. The basis for the request is explained in the direct testimony of witness Sharon Daniel (USPS-T-1).

II. TERMS AND CONDITIONS

1. This Stipulation and Agreement represents a negotiated settlement of all issues raised by the Docket No. MC2006-1 Request of the United States Postal Service for a Recommended Decision on Parcel Return 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 changes to DMCS §§ 521, 522, 560, 561, 562, 570, 585, 932, 943, 944, 945, 947, 948, 949, 951, 952, 2010, 2032, 3000 and 3050, Rate Schedule 522, and Fee Schedule 1000 proposed by the Postal Service in Docket No. MC2006-1²: the Docket No. MC2006-1 direct testimony and materials filed in support of the Postal Service's Request, and any written cross-examination or responses to Chairman's Information Requests, as revised and supplemented, that are designated before the record closes. The proposed DMCS language changes, the proposed rate schedule changes, and the proposed fee schedule changes are attached to this Stipulation and Agreement.

3. On the basis of such record, for purposes of this proceeding only, the undersigned participants stipulate and agree that the DMCS, Rate Schedule, 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.

² The changes to Rate Schedules 521.2F, 521.2G, originally included in the Request in this docket, have already been implemented as a result of Docket No. R2005-1.

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 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 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 (other than any proceedings involving the honoring, enforcement, or construction of this Stipulation and Agreement), 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. The undersigned participants also agree that, to the extent that matters presented in the Docket No. MC2006-1 Request, in any Commission Recommended Decision on that Request, or in any decision of the Governors of the Postal Service in this proceeding, have not actually been litigated, the resolution of such matters will not be entitled to precedential effect in any other proceeding.

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

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

* Signature pages are attached.

Existing sections pertaining to Parcel Return Service are included for clarity, even though they are not proposed to change. These are neither underlined nor crossed out.

**PACKAGE SERVICES
CLASSIFICATION SCHEDULE**

* * *

521 Parcel Post Subclass

* * *

521.11 ~~Duration of Parcel Select Return Services~~

~~a. The provisions of the sections listed in (b) below, which pertain to Parcel Select Return Services, will expire the later of:~~

~~i. two years after the implementation date specified by the Postal Service Board of Governors, or~~

~~ii. if, by the expiration date specified in (i), a proposal to make Parcel Return Services permanent is pending before the Postal Rate Commission, the later of~~

~~(A) three months after the Commission takes action on such proposal under section 3624 of Title 39, or~~

~~(B) if applicable on the implementation date for permanent Parcel Return Services.~~

~~b. The sections that will expire, as set forth in a. above, include sections 521.27, 521.28, 521.7c, 585, 2010e, and 3050 in their entirety, and language referencing sections 521.27, 521.28, or 521.11 in the following sections: 521.21, 560, 570 (reference to schedules 521.2F and 521.2G), 932.22b, 943.221b, 944.21c, 945.221c, 948.21, 949.21, 951.21, 952.21b, and 2032.~~

521.2 Description of Rate Categories

521.21 Inter-BMC Rate Category. The inter-BMC rate category applies to all Parcel Post subclass mail not mailed under sections 521.22, 521.23, 521.24, 521.25, 521.26, 521.27, or 521.28.

* * *

521.27 Parcel Select Return Service—Return Delivery Unit (RDU) Rate Category. The Parcel Select Return Service—RDU rate category applies to merchandise returned as Parcel Post subclass mail prepared as

specified by the Postal Service; entered as specified by the Postal Service; and retrieved in bulk at a designated delivery unit, or other equivalent facility, as specified by the Postal Service.

- 521.28 **Parcel Select Return Service—Return BMC (RBMC) Rate Category.**
The Parcel Select Return Service—RBMC rate category applies to merchandise returned as Parcel Post subclass mail prepared as specified by the Postal Service; entered as specified by the Postal Service; and retrieved in bulk at a bulk mail center, or other equivalent facility, as specified by the Postal Service.

* * *

521.7 **Nonmachinable Surcharges**

* * *

- c. Parcel Select Return Service—RBMC Parcel Post mail that does not meet machinability criteria specified by the Postal Service is subject to a nonmachinable surcharge.

* * *

522 **Bound Printed Matter Subclass**

* * *

~~522.11~~ **~~Duration Of Bound Printed Matter Return Service~~**

- ~~a. The provisions of the sections listed in (b) below, which pertain to Bound Printed Matter Return Service, will expire the later of:~~
- ~~i. two years after the implementation date specified by the Postal Service Board of Governors, or~~
- ~~ii. if, by the expiration date specified in (i), a proposal to make Parcel Return Services permanent is pending before the Postal Rate Commission, the later of~~
- ~~(A) three months after the Commission takes action on such proposal under section 3624 of Title 39, or~~
- ~~(B) if applicable — on the implementation date for permanent Parcel Return Services.~~

b. ~~The sections that will expire, as set forth in a. above, include sections 522.27, 585, 2010e, and 3050 in their entirety, and language referencing section 522.27 or 522.11 in the following sections: 560, 570 (reference to schedule 522E), 932.22b, 943.221b, 944.21c, 945.221c, 948.21, 949.21, 951.21, 952.21b, and 2032.~~

* * *

~~522.27 **Bound Printed Matter Return Service—Return BMC (RBMC) Rate Category.** The Bound Printed Matter Return Service—RBMC rate category applies to merchandise returned as Bound Printed Matter subclass mail prepared as specified by the Postal Service; entered as specified by the Postal Service; and retrieved in bulk at a bulk mail center, or other equivalent facility, as specified by the Postal Service. The flats differential described in section 522.4 does not apply to Bound Printed Matter Return Service mail.~~

* * *

560 **ANCILLARY SERVICES**

561 All Subclasses except Parcel Select Return Service Categories

~~Package Services mail, except Parcel Select Return Service Post or Bound Printed Matter subclass mail entered under sections 521.27 or 521.28 (which is eligible for Certificates of Mailing only), or 522.7, will receive the following services upon payment of the appropriate fees:~~

* * *

562 Parcel Select Return Service

~~Parcel Post subclass mail entered under sections 521.27 or 521.28, will receive Certificate of Mailing service if the customer entering the returned parcel pays the appropriate fees at the time the mail is entered. Certificate of Mailing service may not be purchased by the addressee of the returned parcel.~~

570 **RATES AND FEES**

The rates and fees for Package Services Mail are set forth as follows:

Service	Schedule
a. Parcel Post subclass	
Inter-BMC	521.2A
Intra-BMC	521.2B
Parcel Select	
Destination BMC	521.2C
Destination SCF	521.2D
Destination Delivery Unit	521.2E
Parcel Select Return Service	
Return Delivery Unit	521.2F
Return BMC	521.2G
b. Bound Printed Matter subclass	
Single-Piece	522A
Basic Presort and Carrier Route	522B
Destination Entry Basic Presort	522C
Destination Entry Carrier Route Presort	522D
Bound Printed Matter Return Service	
Return BMC	522E
c. Media Mail subclass	523
d. Library Mail subclass	524
e. Fees	1000

580 AUTHORIZATIONS AND LICENSES

* * *

585 Parcel Return Services

585.1 A permit fee as set forth in Schedule 1000 must be paid once each 12-month period by mailers utilizing Parcel Select Return Service or ~~Bound Printed Matter Return Service~~. In addition, the permit holder must pay the accounting fee specified in Fee Schedule 1000 once each 12-month period for each advance deposit account. These fees apply to either return service.

585.2 The Parcel Return Services permit may be canceled for failure to maintain sufficient funds in a trust account to cover postage and fees on returned parcels, for distributing labels that do not conform to Postal Service specifications, or for other reasons specified by the Postal Service.

**SPECIAL SERVICES
CLASSIFICATION SCHEDULE**

* * *

932 MERCHANDISE RETURN SERVICE

* * *

932.22 Merchandise Return service is available for the return of any parcel under the following classification schedules:

* * *

- b. Package Services, except Parcel Post or ~~Bound Printed Matter~~ subclass mail entered under section 521.27; or 521.28; ~~or 522.27.~~

* * *

943 INSURANCE

* * *

943.221 General Insurance is available for mail sent under the following classification schedules:

* * *

- b. Package Services, except Parcel Post or ~~Bound Printed Matter~~ subclass mail entered under section 521.27; or 521.28; ~~or 522.27;~~

* * *

944 COLLECT ON DELIVERY

* * *

944.21 COD service is available for collection of \$1,000 or less upon the delivery of postage prepaid mail sent under the following classification schedules:

* * *

- c. Package Services, except Parcel Post or ~~Bound Printed Matter~~ subclass mail entered under section 521.27; or 521.28; ~~or 522.27.~~

* * *

945 **RETURN RECEIPT**

* * *

945.221 Return Receipt for Merchandise is available for merchandise sent under the following sections or classification schedules:

* * *

- c. Package Services, except Parcel Post or ~~Bound Printed Matter~~ subclass mail entered under section 521.27, or 521.28, ~~or 522.27.~~

* * *

947 CERTIFICATES OF MAILING

* * *

947.2 Availability

* * *

947.22 Service under this section for Parcel Post subclass mail entered under section 521.27 or 521.28 is restricted to the mailer that enters the returned parcel. The addressee may not purchase this service.

* * *

948 DELIVERY CONFIRMATION

* * *

948.21 Delivery Confirmation service is available for First-Class Letters and Sealed Parcels subclass mail that is parcel-shaped, as specified by the Postal Service; Priority Mail; Standard Mail, in the Regular and Nonprofit subclasses, that is subject to the residual shape surcharge; and Package Services mail that is parcel-shaped, as specified by the Postal Service, ~~except Parcel Post or Bound Printed Matter~~ subclass mail entered under section 521.27, or 521.28, ~~or 522.27.~~

* * *

949 **SIGNATURE CONFIRMATION**

* * *

949.21 Signature Confirmation is available for Letters and Sealed Parcels subclass mail that is parcel-shaped, as specified by the Postal Service; Priority Mail; and Package Services mail that is parcel-shaped, as specified by the Postal Service, except Parcel Post ~~or Bound Printed Matter~~ subclass mail entered under section 521.27, or 521.28, ~~or 522.27~~.

* * *

951 **PARCEL AIRLIFT (PAL)**

* * *

951.21 Parcel Airlift service is available for mail sent under the Package Services Classification Schedule, except Parcel Post ~~or Bound Printed Matter~~ subclass mail entered under section 521.27, or 521.28 ~~or 522.27~~.

* * *

952 **SPECIAL HANDLING**

* * *

952.21 Special Handling service is available for mail sent under the following classification schedules:

* * *

- b. Package Services, except Parcel Post or Bound Printed Matter subclass mail entered under section 521.27, or 521.28, ~~or 522.7~~.

* * *

2000 **DELIVERY OF MAIL**

2010 **Delivery Services**

The Postal Service provides the following modes of delivery:

* * *

- e. Parcel Select Return Service ~~and Bound Printed Matter Return Service~~ delivery, ~~subject to expiration under the conditions set forth in sections 521.11 and 522.14.~~ The rates for Parcel Select Return Service are set forth in Rate Schedules 521.2F and 521.2G.

* * *

2032

Return

Return is the delivery of undeliverable-as-addressed mail to the sender. Parcel Select Return Service mail and ~~Bound Printed Matter Return Service~~ mail does not constitute returned mail within the meaning of this section, ~~subject to expiration under the conditions set forth in sections 521.11 and 522.11.~~

* * *

3000

POSTAGE AND PREPARATION

* * *

3050

Parcel Select Return Service and ~~Bound Printed Matter Return Service~~ Postage

Parcel Select Return Service and ~~Bound Printed Matter Return Service~~ mail that is entered under section 521.27, or 521.28, or 522.7. may be retrieved by the permit holder prior to payment of postage. With the exception of fees charged for Certificate of mailing service, ~~Postage~~ on mail in these categories will be determined and paid by the permit holder following receipt, in a manner and within a time specified by the Postal Service. ~~This section is subject to expiration under the conditions set forth in sections 521.11 and 522.11.~~

For Parcel Select Return Service mail that is entered under section 521.27 or 521.28, Certificate of Mailing service may be purchased and fees paid by the mailer entering the returned parcel.

The requested changes in the rate and fee schedules are as follows:

**PACKAGE SERVICES
 RATE SCHEDULE 522E
 BOUND PRINTED MATTER
 BPM RETURN SERVICE
 RETURN BMC RATE CATEGORY**

Current

Weight	Zones 1 & 2	Zone 3	Zone 4	Zone 5
1.0	\$1.63	\$1.68	\$1.72	\$1.80
1.5	1.63	1.68	1.72	1.80
2.0	1.70	1.76	1.82	1.92
2.5	1.77	1.85	1.92	2.05
3.0	1.84	1.93	2.02	2.17
3.5	1.91	2.02	2.12	2.30
4.0	1.98	2.10	2.22	2.42
4.5	2.05	2.19	2.32	2.55
5.0	2.12	2.27	2.42	2.67
6.0	2.26	2.44	2.62	2.92
7.0	2.40	2.61	2.82	3.17
8.0	2.54	2.78	3.02	3.42
9.0	2.68	2.95	3.22	3.67
10.0	2.82	3.12	3.42	3.92
11.0	2.96	3.29	3.62	4.17
12.0	3.10	3.46	3.82	4.42
13.0	3.24	3.63	4.02	4.67
14.0	3.38	3.80	4.22	4.92
15.0	3.52	3.97	4.42	5.17

Proposed

Weight	Zones 1 & 2	Zone 3	Zone 4	Zone 5
1.0	\$1.72	\$1.77	\$1.81	\$1.90
1.5	\$1.72	\$1.77	\$1.81	\$1.90
2.0	\$1.79	\$1.85	\$1.92	\$2.02
2.5	\$1.86	\$1.95	\$2.02	\$2.16
3.0	\$1.94	\$2.03	\$2.13	\$2.29
3.5	\$2.01	\$2.13	\$2.23	\$2.42
4.0	\$2.08	\$2.21	\$2.34	\$2.55
4.5	\$2.16	\$2.31	\$2.44	\$2.69
5.0	\$2.23	\$2.39	\$2.55	\$2.81
6.0	\$2.38	\$2.57	\$2.76	\$3.08
7.0	\$2.53	\$2.75	\$2.97	\$3.34
8.0	\$2.68	\$2.93	\$3.18	\$3.60
9.0	\$2.82	\$3.11	\$3.39	\$3.87
10.0	\$2.97	\$3.29	\$3.60	\$4.13
11.0	\$3.12	\$3.47	\$3.81	\$4.39
12.0	\$3.27	\$3.64	\$4.02	\$4.66
13.0	\$3.41	\$3.82	\$4.24	\$4.92
14.0	\$3.56	\$4.00	\$4.45	\$5.18
15.0	\$3.71	\$4.18	\$4.66	\$5.45

**FEE SCHEDULE 1000
MISCELLANEOUS FEES**

* * *

	CURRENT	PROPOSED
Parcel Return Services Accounting Fee (per year)	475.00	500.00
Parcel Return Services Permit Fee (per year)	150.00	160.00

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Docket No. MC2006-1

SIGNATURE PAGE FOR STIPULATION AND AGREEMENT

[signed] Daniel J. Foucheaux, Jr.

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

January __, 2006

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For Intervenor:

Date: _____

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SIGNATURE PAGE FOR STIPULATION AND AGREEMENT

Pro Se

Date: _____

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 M. Reimer

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
January 17, 2006