

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

RATE AND SERVICE CHANGES TO IMPLEMENT
BASELINE NEGOTIATED SERVICE AGREEMENT
WITH BANK OF AMERICA CORPORATION

Docket No. MC2007-1

**REPORT OF SETTLEMENT COORDINATOR ON
MARCH 14, 2007, SETTLEMENT CONFERENCE**
(March 16, 2007)

On March 9, 2007, the Postal Regulatory Commission granted the Postal Service's motion requesting the establishment of settlement procedures in the instant proceeding. See Order Granting Postal Service Motion to Establish Settlement Procedures, PRC Order No. 6. The Commission also granted the Postal Service's motion requesting that its counsel be appointed as settlement coordinator. See id. In its order, the Commission stated that its hearing room would be available for settlement discussions following the prehearing conference on March 14, 2007, and by request for future settlement discussions. See id.

Immediately after the March 14 prehearing conference, the participants convened for settlement discussions in the Commission's hearing room. Representatives of the American Postal Workers Union, AFL-CIO (APWU), Bank of America Corporation (BAC), the Office of Consumer Advocate (OCA), the Postal Service, Valpak Direct Marketing Systems, Inc., and Valpak Dealers' Association Inc. (collectively Valpak) were in attendance.

During the settlement conference, the Postal Service and Bank of America expressed their interest in settlement and discussed several issues of substance concerning the request in this docket, as summarized below.

1. The participants unanimously agreed that the period for written discovery on the Postal Service's direct case should remain open for three weeks from today (March 16, 2007)—i.e., through April 6, 2007—at which time the period of discovery would be closed, subject to the timely receipt of Postal Service responses to written discovery, and the participants' right to conduct follow-up discovery on responses received.
2. The participants were not yet ready to agree to terms narrowing the issues in the case.
3. The participants were unable to make any representations at this time regarding whether they would be willing to forgo participation in any stages of the proceeding (e.g., oral hearings, presentation of cases in chief or rebuttal by intervenors, briefs, etc.).
4. No participant expressed a theoretical, philosophical or conceptual objection to the NSA. However, the participants (other than the co-proponents) reserved the right to express such objections at a later point in time.
5. The participants were receptive to the possibility of convening a second settlement conference within five weeks from March 16.

The co-proponents remain open to exploring settlement opportunities with the other participants in this proceeding.

Respectfully Submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno
Chief Counsel, Customer Programs

Frank R. Heselton
Matthew J. Connolly

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1135
(202) 268-8582; Fax -5418

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.

Matthew J. Connolly

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1135
(202) 268-8582; Fax -5418
March 16, 2007