

**BEFORE THE POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-001**

Regulations Establishing System Of Ratemaking)
Docket No. RM2007-1)
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REPLY COMMENTS

Pursuant to the Commission's January 30, 2007 "Advance Notice of Proposed Rulemaking on Regulations Establishing a System of Ratemaking," Stamps.com Inc. ("Stamps.com") hereby submits our reply comments and suggestions on how the Commission ("PRC") can best fulfill its responsibilities to achieve the purposes of the Postal Accountability and Enhancement Act ("PAEA"). We thank the PRC for the opportunity to submit these brief comments, directed to Intelligent Mail.

INTELLIGENT MAIL

Stamps.com notes the number of positive comments received by the PRC concerning the benefits of promoting the use of Intelligent Mail by all sectors of the mailing industry. The USPS states it will "continue in its efforts ... to have mail use the Intelligent Mail® barcode." The Postal Service, under the able leadership of the Postmaster General, has frequently stated their commitment to this important initiative, which the Postal Service has estimated has the potential of reducing mail processing costs by over a billion dollars per year.

We agree with the many commenters who stated that effective ratemaking under the PAEA will accelerate the benefits to the postal system from the prompt implementation of

Intelligent Mail practices. The Mail Order Association of America (“MOAA”) states “Within the context of the above comments, MOAA believes that it would be appropriate and useful for the Commission to encourage the Postal Service to move forward with classification actions, and as applicable, pricing decisions that would promote 'intelligent mail and ... secure, sender-identified mail' as provided by factor 13.” Intelligent Mail is unquestionably the way of the future in the mailing industry.

The Office of the Consumer Advocate (OCA) describes an intriguing and promising proposal to use Intelligent Mail to bring justifiable worksharing discounts to consumer mailers. The OCA states “such a pricing technique would automatically generate worksharing discounts for all, since it would not charge a piece for avoided activities. Any mailer of any number of pieces could take advantage of this technique, with small mailers working through a reseller of intelligent barcodes or IBI postage.” PC Postage providers are right now capable of enabling these low volume mailers – even single piece mailers – to obtain the benefits of Intelligent Mail by creating CASS-certified and prebarcoded addresses on their envelopes and address labels.

We also agree with Pitney Bowes that “The Commission’s regulations should promote, through requirements and incentives, *intelligent mail* and SIM. This will ensure a more secure, information-rich, and valuable mailstream.” Promoting Intelligent Mail, one of the primary goals of the PAEA, will serve mailers and the mailing industry by reducing processing costs and enabling low volume mailers to obtain discounts previously obtainable only by large mailers.

Stamps.com notes there are already a number of discount-laden rate classifications that can be applied to encourage and reward the adoption of Intelligent Mail by larger mailers. These rate classifications, where customers are required to use barcodes like the POSTNET barcode, could be readily revised to require use of the Intelligent Mail® Barcode. Unfortunately, these

classifications currently exclude lower volume mailers from obtaining discounts for any address-cleansing and prebarcoding activities they perform, thereby discouraging such activities.

The PAEA's clear goal of promoting Intelligent Mail presents an opportunity for the PRC and USPS to provide a justifiable worksharing discount to small business and consumer mailers. A new mail classification could be created for low volume or single piece Intelligent Mail. As an example, single piece letter mail with addresses cleansed by CASS-certified software and with the corresponding Intelligent Mail® barcode and/or Information Based Indicia would be eligible for a discount. The discount would be justifiable because of address quality (less likely to be returned to sender for improper address), prebarcoding (reduced USPS processing cost), and Intelligent Mail characteristics (information-rich indicia and barcode).

Such a discount would encourage the adoption of the Intelligent Mail® barcode in the portion of the mailstream that is now least likely (and not incentivized) to use barcodes and address cleansing. It would be accessible to small businesses and consumers through software packages like those provided by Stamps.com and other PC Postage vendors. We encourage the Postal Service and the PRC to establish and approve a mail classification that provides small businesses and individuals the opportunity to participate in the benefits of postal automation and Intelligent Mail.

Stamps.com again thanks the PRC for the chance to provide our thoughts.

Respectfully submitted,

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