

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

PREMIUM FORWARDING SERVICE

Docket No. MC2007-3

**MOTION OF THE UNITED STATES POSTAL SERVICE FOR
CONSIDERATION OF THE STIPULATION AND AGREEMENT
AS THE BASIS FOR THE RECOMMENDED DECISION
(October 11, 2007)**

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 title 39, United States Code.

The participants have actively engaged in settlement negotiations, as reported to the Commission at the prehearing conference on August 28, 2007 and in a settlement status report filed on October 5, 2007. Each party represented by counsel, including the National Newspaper Association (NNA), the Association of Priority Mail Users (APMU), and the Commission's Office of the Consumer Advocate (OCA), has authorized the Postal Service to report its support for the Stipulation and Agreement, and intention to file a signature page with the Commission. No party has requested a hearing in this matter.

Discovery in this matter formally closed on September 18, 2007, but additional interrogatories were filed by participant David B. Popkin on October 4, 2007 (DBP/USPS-22 and 23). The Postal Service filed a partial objection and answer to DBP/USPS-22 and a full objection to DBP/USPS-23 on October 5, 2007. Should Mr. Popkin file a subsequent Motion to Compel regarding DBP/USPS-22 or 23, the Postal Service is prepared to stand on its filed objections and would not object to the Commission ruling on the matter without waiting for a Postal Service reply, unless such reply would assist the Commission.

Dates for future procedural necessities in this proceeding remain to be identified, including (1) a date for designation by participants of the written cross-examination to be included in the evidentiary record; (2) a deadline for the provision of written copies of final testimony accompanied by signed witness declarations;¹ and (3) a date for closure of the evidentiary record.

For the reasons set forth in the Stipulation and Agreement, the Postal Service requests that the Commission base its recommended decision in this docket on the attached Stipulation and Agreement. The Postal Service's own signature page is attached.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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¹ Declarations could encompass written cross-examination as well, or separate declarations specific to designated responses could be provided.

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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. This agreement settles all issues raised in the above-captioned docket. The undersigned participants hereby stipulate and agree to the following:

I. BACKGROUND

1. Premium Forwarding Service (PFS) provides customers a means for getting all mail sent to a primary residential address reshipped to a temporary address for a period of two weeks up to a full year. Most mail is collected and shipped weekly via Priority Mail to the temporary address a customer provides. Some mail ships outside the weekly package, for example, to enable collection of a barcode scan or a signature upon delivery, because a package is too large to fit in the Priority Mail shipment, because of ineligibility for air transportation, or because postage due must be collected. PFS was introduced as a two year experiment via Docket No. MC2005-1. In the instant docket, MC2007-3, the Postal Service seeks authorization to make PFS a permanent option for customers. No change in PFS operations will flow from permanent authorization.

II. TERMS AND CONDITIONS

1. This Stipulation and Agreement constitutes a negotiated settlement of all issues raised by the Docket No. MC2007-3 Request of the United States Postal Service for a Recommended Decision on Permanent 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 to the Governors of the Postal Service acceptance of the proposed permanent changes to DMCS § 937 and Fee Schedule 937: the Docket No. MC2007-3 Request together with the 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 and fee schedule changes are attached to this Stipulation and Agreement as Attachments A and B, respectively.

3. On the basis of such record, for purposes of this proceeding only, the undersigned participants stipulate and agree that the permanent DMCS and Fee Schedule changes set forth in the Attachment to this Stipulation and Agreement are in accordance with the polices of title 39, United States Code, and in particular, the objectives and factors of 39 U.S.C. § 3622.

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 classifications 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 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 establish or modify service, PFS in its current form necessitates direct contact between a customer and a postal representative of the Post Office which serves that customer's primary address. All participants in Docket No. MC2007-3, including the Postal Service, want customer alternatives for establishing or modifying service that avoid this necessity. The Postal Service accordingly affirms its commitment to developing – as soon as available resources and priorities permit – alternatives that do not require direct contact between the PFS customer and a representative of the Post Office serving that customer's primary address.

9. The undersigned participants request that the Commission issue a decision recommending adoption of the 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.

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SIGNATURE PAGE FOR STIPULATION AND AGREEMENT

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

Date: October 11, 2007

Proposed Domestic Mail Classification Schedule (Attachment A) and Fee Schedule (Attachment B) language changes are marked with [square brackets] for deletions and underscore for new language.

937 PREMIUM FORWARDING SERVICES

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.

* * * * *

937.3 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.

* * * * *

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. August 7, 2007, 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.]

FEE SCHEDULE 937**PREMIUM FORWARDING SERVICE**

Description	Fee (\$)
Enrollment fee	10.00
Weekly reshipment fee	<u>11.95</u> [2.85*]

[* 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).]