

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

Notice of Price Adjustment)
Docket No. R2008-1)

COMMENTS

Pursuant to the Commission's February 14, 2008 "Notice And Order On Planned Rate Adjustments For Market Dominant Postal Products And Limited Classification Changes," Stamps.com Inc. ("Stamps.com") hereby submits our comments. We thank the Postal Regulatory Commission ("PRC") for the opportunity to submit these comments, directed to compliance with the statutory price cap, timing issues and improving incentives for small businesses.

STATUTORY PRICE CAP

Stamps.com believes the USPS has complied with the requirements of the statutory rate cap. The PRC should therefore find that the planned rate adjustments announced by the USPS when measured using the formula established in rule 3010.23(b) are below the annual limitation established in rule 3010.11, and the planned rate adjustments measured using the formula established in rules 3010.23(b) are at or below the limitations established in rule 3010.28.

TIMING ISSUES

Stamps.com commends the USPS for providing more advanced notice of its

intention to adjust market dominant rates than the 45 days required under PRC rules. Each change in rates requires us to modify our software that enables our customers to print the correct amount of postage. The more advanced warning we have, the easier it is for us to plan and make the needed changes. Structural changes in the rate system are more time consuming for us to implement than changes in the magnitude of rates, so where possible, we would ask for more advanced notice of structural changes. For us, it is also more convenient to have significant changes in competitive rates noticed well in advance, and we ask the USPS to again provide as much notice as feasible, especially for structural changes.

IMPROVING INCENTIVES FOR SMALL BUSINESSES

Small businesses are critical to our nation's economy and strength, and are critical to helping the United States compete in today's global marketplace. According to the U.S. Small Business Administration, small businesses have generated more than 60 percent of new jobs over the last decade, and have created more than 50 percent of non-farm private gross domestic product. Small businesses have historically been underrepresented and less successful in postal rate proceedings compared to large mailers. For example, extensive worksharing discounts are available to large mailers but small businesses' practical opportunities to participate in worksharing are limited. Stamps.com believes the planned rate adjustments do not solve this historical problem.

Unfortunately, today small mailers have to pay more out of pocket to use PC Postage and print an Intelligent Mail barcode than to use traditional methods and send mail without a barcode. We believe a justifiable workshare discount available to small business and consumer

mailers is the answer. In particular, we ask the USPS to resolve this problem on the competitive side, with discounted rates for online purchase of postage for Priority Mail® and Express Mail®, and on the market dominant side in next year's price adjustments to be implemented in 2009, there should be discounted rates to incentivize and reward the smallest mailers for using the Intelligent Mail Barcode and quality addressing practices.

We would propose that a new single piece First Class Mail worksharing discount be created in May 2009 for mailers who use CASS-certified software to both meet the Basic Intelligent Mail Option requirements and provide a cleansed destination address. This would cure the inefficient reality that a single piece mailer must currently pay the full undiscounted amount of postage **plus** the cost of specialized software like Stamps.com's PC Postage® offering in order to prepare prebarcoded mail with a cleansed address, as opposed to their less costly option to handwrite an address and use a postage stamp purchased at retail.

Stamps.com notes with approval the continued commitment of the USPS to promoting the use of Intelligent Mail by all sectors of the mailing industry. The Postal Service, under the leadership of the Postmaster General, has frequently stated its commitment to this important initiative, which the Postal Service has estimated to have the potential to reduce mail processing costs by over a billion dollars per year. It is our belief that Intelligent Mail concepts and the USPS Intelligent Mail group are generally headed in the right direction. Intelligent Mail is making mail more valuable through innovative products that provide mail visibility and value-added extra services, and is making mail better through streamlined mailing processes that promote ease of use and seamless induction/acceptance.

We believe that effective ratemaking under the PAEA will accelerate the benefits to the postal system from the prompt implementation of Intelligent Mail practices. 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, can be readily revised to require use of the Intelligent Mail Barcode, as planned. 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 clear and important goal of promoting Intelligent Mail presents an opportunity for the 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 meeting the Basic Intelligent Mail Option requirements could be made eligible for a discount. The discount would be justifiable because of the address quality, the barcode, and the Intelligent Mail characteristics which make the mail less likely to be returned to the sender for improper address, improve USPS processing efficiency lowering USPS costs, and provide an information-rich mail piece.

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. We estimate fewer than two percent of small and home based businesses use barcodes and address cleansing for any of their mailings today. The capability 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 to establish a mail classification that provides small businesses and individuals the opportunity and incentive to participate in the benefits of postal automation and Intelligent Mail.

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

Respectfully submitted,

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