

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

Annual Compliance Report, 2008)
Docket No. ACR2008)

COMMENTS

Pursuant to the Commission's December 31, 2008 "Notice of Filing of Annual Compliance Report by the Postal Service and Solicitation of Public Comment," ("Order 161") 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 our belief that PC Postage® discounts help the United States Postal Service ("USPS") achieve compliance with the factors and objectives of modern rate regulation included in the Postal Accountability and Enhancement Act ("PAEA") of 2006.

BACKGROUND

Order 161 at page 2 "solicits public comment on the degree to which the Postal Service's operations and financial results comply with the policies of title 39." Section 3622 of title 39 sets out objectives for the modern system of rate regulation and factors the PRC shall take into account with regard to the system.

Since May, 2007, the USPS had provided discounted rates for online purchase of postage for Priority Mail® International and Express Mail International®. Since May, 2008, the USPS

has provided discounted rates for online purchase of postage for Priority Mail® and Express Mail®. PC Postage revenues for the USPS in these discounted classes have grown well in excess of 10% on an annualized basis since the creation of these discounts. This has been one of the few bright spots for the USPS on the revenue side in these difficult times.

Stamps.com proposes that a new single piece First Class Mail worksharing discount also be created 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. 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, lower USPS costs and provide an information-rich mail piece.

Each of these discounted rates for PC Postage® helps the United States Postal Service ("USPS") achieve compliance with certain of the objectives and factors set out at Section 3622 of title 39:

OBJECTIVES

39 USC § 3622(b)(1): To maximize incentives to reduce costs and increase Efficiency. The smallest businesses and consumer mailers have two choices for postage, PC Postage and stamps. PC Postage reduces costs and maximizes efficiency versus stamps, because it enables the production of machine ready, address cleansed, fully barcoded mail. PC Postage

discounts provide incentives for these mailers to switch from stamps to the more efficient lower cost solution.

39 USC § 3622(b)(7) To enhance mail security and deter terrorism. Each PC Postage barcode is associated with a unique digital signature and extensive information about the printing of the postage. PC Postage discounts encourage the more widespread use of sender identifiable mail and thus enhance mail security.

39 USC § 3622(b)(8) To establish and maintain a just and reasonable schedule for rates and classifications. The smallest mailers, whether businesses or consumers, have traditionally been ineligible for worksharing discounts, even when deserved, because of minimum volume restrictions. Allowing discounts without volume restrictions to customers who use worksharing software programs like PC Postage fixes this traditional injustice.

FACTORS

39 USC § 3622(c)(5) the degree of preparation of mail for delivery into the postal system performed by the mailer and its effect upon reducing costs to the Postal Service; As noted above, PC Postage customers use specialized software to prepare machine ready, address cleansed, fully barcoded mail providing cost savings to the USPS.

39 USC § 3622(c)(13) the value to the Postal Service and postal users of promoting intelligent mail and of secure, sender-identified mail; PC Postage is the original intelligent mail. With cryptographic security required to meet the super secure Federal Information Processing Standards, PC Postage provides the most secure, sender identifiable postage solution. A PC Postage discount for single piece First Class Mail with the Intelligent Mail Barcode® would provide adoption by small businesses and consumers, who otherwise will have no reason to adopt the Intelligent Mail Barcode.

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

Respectfully submitted,

/s/ Seth Weisberg

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