

Service's overall volumes, revenues and costs. *Id.* at 1.

Rates, Surcharges, Permits

Qualifying CMM pieces would pay the basic nonletter rate for Standard Mail Regular or Nonprofit subclass mail, plus the residual shape charge. CMM would not be eligible for the destination entry rate, the parcel barcode discount or for ancillary services. Ineligibility for the destination entry rate is based, in part, on the assumption that most CMM mailings would not meet the minimum volume threshold. No additional permit would be required.

Contents; Availability

The Request includes four attachments. Attachments A and B, respectively, present requested changes in the Domestic Mail Classification Schedule and Rate Schedules. Attachment C is an index of testimony. Attachment D addresses compliance with 39 CFR 3001.64 and 3001.69a. Contemporaneous submissions include the testimony of witnesses Ashe (USPS-T-1) and Hope (USPS-T-2); two library references; a request for expedition and establishment of settlement procedures; and a motion for waiver of several rules related to data and information. United States Postal Service Request for Expedition and Establishment of Settlement Procedures, March 14, 2003; Motion of United States Postal Service for Waiver, March 14, 2003 (Postal Service Motion).

The Request and other referenced material are on file in the Commission's docket room and are available for inspection during the Commission's regular business hours. This material can also be accessed via the Commission's Web site at <http://www.prc.gov>.¹

II. Grounds for Service's Designation of Docket No. MC2003-1 as a Minor Classification Change

Commission rules tie eligibility for treatment as an expedited minor classification change to satisfaction of three criteria. Specifically, the proposal (1) must not involve a change in any existing rate or fee; (2) must not impose any restriction in addition to pre-existing conditions of eligibility for entry of mail in an existing subclass or category of service, or for an existing rate element or worksharing discount; and (3) must not significantly increase or decrease the estimated institutional cost contribution of the affected

subclass or category of service. 39 CFR 3001.69 through 3001.69c.

The Service asserts that its proposal meets all three criteria. It states that CMM will be subject to the existing Standard Mail Regular and Nonprofit nonletter basic category mail rates and the residual shape surcharge, and therefore will not entail new rates, fees or surcharges. It says eligibility standards will not be restricted, because for pieces less than 1/4-inch in thickness, the proposed classification changes will make existing classifications more inclusive. For pieces greater than 1/4-inch but less than or equal to 1/2-inch in thickness, the proposed classification changes will establish optional entry and handling procedures. In addition, the Service says CMM will not cause a significant impact on the contribution of Standard Mail toward institutional costs. *Id.* at 4. The Service also states that the requested amendments to the DMCS will further the general policies of the Postal Reorganization Act to plan, promote and provide adequate and efficient postal services at fair and reasonable rates and fees, and are consistent with applicable statutory criteria.

III. Testimony

Witness Ashe (USPS-T-1). Witness Ashe describes the Service's proposal and related market research.² He identifies the anticipated customer base, reviews related postal operating plans for handling CMM, and addresses mailing requirements. Ashe also addresses why the proposal satisfies the criteria for consideration of a minor classification change. USPS-T-1 at 13. Ashe explains that existing DMCS 6020 and DMM C010.1.1 require, as a basic condition for mailability, that all mail pieces 1/4-inch thick or less must be rectangular in shape. He notes that administrative rulings interpreting this requirement have held that mail pieces do not meet the definition of "rectangular" if they do not have four right-angle corners and four straight and regular edges, or if they have any holes or other voids with their dimensions. *Id.* at 1. Ashe characterizes CMM as a response to customer interest in using more creative advertising, and describes it as a "niche" piece whose characteristics and costs for preparation and mailing make it suitable only for targeted, carefully developed promotional messages to a selected audience. *Id.* at 4. He expects that CMM, at least for the foreseeable future, will remain a low-volume form of mail that

generates proportionally small revenues, used in situations where a message of this sort makes financial and commercial sense. *Id.* at 6-7.

Witness Hope (USPS-T-2). Witness Hope provides an overview of classification changes; a description of how CMM fits into the current Standard Mail rate design and DMCS; and a review of the proposal's consistency with statutory classification criteria. She also provides a summary of benefits and explains why the proposal qualifies as a minor classification change. USPS-T-2 at 1. Witness Hope says no volume estimate is available, and anticipates that the CMM's overall impact on the affected subclasses will be minimal. She expects the effect on coverage of institutional costs to be negligible. *Id.* at 9.

IV. Service's Position on Expedited Procedures and Settlement Potential

A. Expedited Procedures

The Service seeks expedition of this proceeding under §§ 21 and 69 of the Commission's rules of practice. It proposes that the Commission issue the requisite finding on the threshold question of eligibility as a minor classification change well before the end of the prescribed 28-day period. It also suggests that the Commission schedule a settlement conference as soon as possible following the deadline for intervention and make several adjustments in the area of discovery. These include shortening the time for discovery on the Service's case (should discovery be found necessary); limiting discovery to matters bearing directly on the proposed classification changes; and shortening time limits for responses to discovery requests and to related objections and motions. Request at 3. The Service also urges the Commission to require parties opting to request oral cross-examination to state not only "the issues of material fact that require a hearing for resolution," as required under § 69b(h), but also to make a compelling case that oral cross-examination could not otherwise be obtained through written discovery.

Rationale for Expedition

The Service believes expedition is reasonable because the proposed classification changes are straightforward and of limited scope. *Id.* at 1. The proposal expands eligibility for certain types of non-rectangular shapes that are currently not mailable under existing provisions of the DMCS. These pieces would be limited to the basic nonletter rate categories in the Standard Regular and Nonprofit subclasses. No

¹ This is the case except for USPS-LR-1, which consists of physical examples of CMM. Facsimiles of these pieces appear in USPS-T-1, Exhibit USPS-1.

² The market research has been filed as USPS-LR-2.