

**OFFICIAL TRANSCRIPT OF PROCEEDINGS
BEFORE THE
POSTAL REGULATORY COMMISSION**

In the Matter of:)
Premium Forwarding Service) Docket No. MC2007-3
)
)

VOLUME #1

Date: August 28, 2007
Place: Washington, D.C.
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COMMISSION
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POSTAL REGULATORY COMMISSION

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 In the matter of:))
) Docket No.: MC2007-3
 PREMIUM FORWARDING SERVICE))
 _____)

Suite 200
 Postal Regulatory Commission
 901 New York Avenue, N.W.
 Washington, D.C.

Tuesday, August 28, 2007

The above-entitled matter came on for hearing pursuant to notice, at 10:15 a.m.

BEFORE:

HON. DAN G. BLAIR, Chairman
 HON. DAWN A. TISDALE, Vice Chairman
 HON. TONY HAMMOND, Commissioner
 HON. MARK ACTON, Commissioner

APPEARANCES:

On Behalf of the United States Postal Service:

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P R O C E E D I N G S

(10:16:09 a.m.)

CHAIRMAN BLAIR: The Commission will come to order. Good morning, everyone. Thanks for your indulgence this morning. We're running a few minutes late. We have a new recording company with us this morning, and so we will get the information to you about who you need to contact should you want copies of the transcript, or other information regarding today's hearing.

This morning we have a pre-hearing conference in Docket number MC-2007-3, considering the request of the United States Postal Service, proposing that the existing experimental premium forwarding service classification and fees be made permanent.

I'm Dan Blair, Chairman of the Postal Regulatory Commission, and with me this morning are Vice Chairman, Dawn Tisdale, Commissioners Tony Hammond, and Mark Acton.

We have a preliminary matter to mention, as well, this morning. Later this morning, following this hearing, we will convene a pre-hearing conference in another case, Docket number MC2007-4. The Commission has agreed to make this

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1 room available for settlement conference prior to
2 that conference, so we'll be moving quickly through
3 this, and I'll ask you all to vacate as soon as
4 practicable once we finish this pre-hearing
5 conference.

6 At this point, I would like to ask
7 counsel to identify themselves for the record. So
8 could the counsel for the United States Postal
9 Service please identify yourselves.

10 MR. HOLLIES: Good morning, Mr.
11 Chairman, Commissioners. I'm Kenneth Hollies for
12 the Postal Service. With me is Elizabeth Reed, also
13 for the Postal Service.

14 CHAIRMAN BLAIR: Thank you. Anyone from
15 the Association of Priority Mail Users? The
16 National Newspaper Association? The Office of
17 Consumer Advocate? Could you identify yourselves,
18 please.

19 MR. RICHARDSON: Good morning, Mr.
20 Chairman. I'm Kenneth E. Richardson, Acting
21 Director, the Office of the Consumer Advocate. And
22 with me today is Pam Thompson, who is assisting me
23 in this proceeding.

24 CHAIRMAN BLAIR: Thank you. Is David
25 Popkin in the audience? Is there anyone that I've

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1 missed? Thank you.

2 The Postal Service has filed a request
3 for the establishment of settlement procedures on
4 August 2nd, 2007. The Commission appointed a Postal
5 Service counsel as settlement coordinator, but as
6 far as we know, no settlement conference has been
7 scheduled.

8 Mr. Hollies, has any progress been made
9 toward reaching settlement on some or all of the
10 issues in this proceeding?

11 MR. HOLLIES: Yes, Mr. Chairman. There
12 has been substantial progress. I'm not sure that
13 convening a formal settlement or informal settlement
14 conference is warranted, largely because while Mr.
15 Popkin, for one, is not local, and I have talked to
16 each participant in this matter. I think that a
17 settlement is likely. I don't believe Mr. Popkin
18 will be joining a settlement, which is consistent
19 with his position in every docket, but I do believe
20 there is substantial hope that each of the other
21 participants, the two Intervener and the OCA, will
22 join in a settlement.

23 We are fortunate to have as the topic of
24 this docket Premium Forwarding Service, which is a
25 service that everybody seems to like. As such,

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1 there is less contention than perhaps just about any
2 other matter that we bring to the Commission.

3 At this point, some discovery has been
4 filed, some has been answered, there still is some
5 additional questions pending. I have discussed the
6 potential for additional time to ask further
7 interrogatories, and roughly what time frame might
8 be appropriate. Counsel for the OCA and I have come
9 up with a date of September 18. There was nothing
10 magic about it, but that's possibly a date that
11 might be used as a time to close the period for
12 discovery.

13 I have not yet put together a draft
14 settlement agreement, but those who are experienced
15 with these agreements probably recognize there's not
16 a lot of content that needs to be generated for each
17 specific docket. There are some things that we do
18 have in mind for this docket in terms of where,
19 perhaps, Premium Forwarding Service maybe evolve,
20 and how it might grow, and become still more useful,
21 and a better value for the Postal Service, and for
22 customers as a group.

23 So I think that, as I say, discovery
24 could, perhaps, be closed around September 18th.
25 There's nothing magic about that date, but it's

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1 something that is a possibility. This particular
2 docket is unusual in that it has no specific need
3 for expedition, and there is a lot going on right
4 now involving the Postal Service and the Commission
5 to bring PAEA to its full blossoming form, so I
6 don't think that there's any need to press on this.

7 Things are progressing just fine. I
8 would expect that at some time, likely after the
9 18th, or likely after the close of discovery, I
10 would be able to file a settlement agreement with
11 the Commission, and together with a motion that it
12 be relied upon as the basis for the Commission's
13 affirmative recommendation. And, thereafter, we
14 could take that to the Postal Service Governors.
15 Thank you, Mr. Chair.

16 CHAIRMAN BLAIR: Thank you very much.
17 Just please keep us abreast of any meetings that
18 take place, and provide us with that information on
19 a timely basis. And, Mr. Richardson, do you have
20 any comments on the prospect for settlement?

21 MR. RICHARDSON: I have nothing to add
22 to those comments. I do agree that there's a good
23 likelihood of settlement in this case, and we have
24 been discussing options in that regard. Other than
25 that, I fully concur with the statements of counsel.

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1 CHAIRMAN BLAIR: So we're aiming for
2 September 18th as a discovery closure date.

3 MR. RICHARDSON: Yes.

4 CHAIRMAN BLAIR: Okay. Have any of the
5 participants identified any other issues on which
6 hearings might be necessary in this case?

7 MR. HOLLIES: No witness has identified
8 any specific issue to me that relates to the Postal
9 Service's proposal in this docket, which is
10 essentially to make the Service that has been
11 operating as an experiment, become a permanent
12 option. We do have several housekeeping, perhaps
13 slightly more than housekeeping changes to the DMCS
14 language that we have proposed. One of those would,
15 for example, eliminate the specification in the DMCS
16 that requires today a PFS application to be
17 submitted to the Post Office serving a customer's
18 primary address. And we have, therefore, proposed
19 to eliminate that specificity, which would, for
20 example, enable us to make available a tool that
21 perhaps was useable on the internet to make an
22 application, perhaps to extend the period of
23 service, perhaps even to change the temporary
24 address that was placed in effect upon the initial
25 application.

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1 That tool is something that I think all
2 of the participants would like to see, and certainly
3 Mr. Popkin would like to see, as well. That was
4 the one big point that he raised, and I think that
5 will be embodied in a settlement agreement. But
6 beyond that, no issues have been raised in my
7 discussions with counsel or Mr. Popkin.

8 CHAIRMAN BLAIR: Does any participant
9 wish to comment orally on the outstanding
10 conditional motion for waiver filed by the postal
11 service? Does any participant have a procedural
12 matter they want to raise at this time?

13 There being nothing further, we will be
14 issuing a further procedural schedule after we know
15 more about settlement. It's good to know that the
16 discovery will be closing shortly, and if any of the
17 Commissioners have any questions or comments?

18 This pre-hearing conference is now
19 adjourned. Before I hit the gavel, though, I
20 referenced our new court reporter when this
21 proceeding began. And if you have any questions, or
22 wish to obtain transcripts or add to this, the court
23 reporter is AAA Court Reporters, and they're located
24 at 1323 Rhode Island Avenue, N.W., Washington, D.C.
25 20005. And you can reach them at (202)234-4433.

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1 The hearing is adjourned.

2 (Whereupon, the proceedings went off the
3 record at 10:24:37 a.m.)

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CERTIFICATE

This is to certify that the foregoing transcript
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Date: August 28, 2007

Place: Washington, DC

represents the full and complete proceedings of the
aforementioned matter, as reported and reduced to
typewriting.



Pierre Smith