

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

EXTENSION OF CAPITAL ONE NSA

Docket No. MC2006-6

**NOTICE OF THE UNITED STATES POSTAL SERVICE
OF DECISION OF THE GOVERNORS**

The United States Postal Service hereby provides notice of the attached

Decision of the Governors:

Decision of the Governors of the United States Postal Service on the Opinion and Recommended Decision of the Postal Rate Commission on Extension of Capital One NSA, Docket No. MC2006-6.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel, Customer Programs

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September 15, 2006

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE
ON THE OPINION AND RECOMMENDED DECISION OF THE POSTAL RATE
COMMISSION ON EXTENSION OF CAPITAL ONE NSA, DOCKET NO. MC2006-6**

September 11, 2006

BACKGROUND

On August 25, 2006, the Postal Rate Commission issued an Opinion and Recommended Decision in Docket No. MC2006-6, Extension of Capital One Negotiated Service Agreement (NSA). The Postal Service proposed that the NSA with Capital One be extended for one additional year, to September 1, 2007.

The Postal Service filed its request for the proposed classification change under Commission rules for extension of existing agreements on July 26, 2006. On July 27, 2006, the Commission issued a notice of filing and scheduled a pre-hearing conference for August 15, 2006. At the pre-hearing conference held on August 15, no participant expressed an intention to participate in the proceeding. Accordingly, on August 25, 2006, the Postal Rate Commission issued an Opinion and Recommended Decision in response to the request. The Commission recommended classification changes to give effect to an extension of the NSA for an additional year, as requested by the Postal Service. While the Commission used a different methodology to assess the NSA's value, the Postal Service believes that the methodology the Postal Service used to estimate the value of the NSA is the appropriate method.

EVALUATION

We find, based upon our independent review of the administrative record, that the Commission's recommended decision is reasonable and supported by substantial record evidence, and we approve its recommendation. We also wish to express our gratitude to the Commission for facilitating expeditious consideration of the request, and for enabling us to implement the extension so as to minimize the impact on the current arrangement with Capital One.

ESTIMATE OF ANTICIPATED REVENUE

The Postal Reorganization Act requires that our Decision include an estimate of anticipated impact on postal revenues (39 U.S.C. § 3625(e)). Since Capital One is not expected to satisfy the volume thresholds for declining block rates, the NSA is not expected to affect revenue in the fourth year of the NSA.

ORDER

In accordance with the foregoing Decision of the Governors, the change in classifications set forth in the Attachment is hereby approved and ordered into effect. In accordance with Resolution 06-8 of the Board of Governors dated September 11, 2006, the change will take effect at 12:01 a.m. on September 13, 2006.

By The Governors:


James C. Miller III, Chairman

ATTACHMENT

DOMESTIC MAIL CLASSIFICATION SCHEDULE

NEGOTIATED SERVICE AGREEMENTS
CLASSIFICATION SCHEDULE

610 CAPITAL ONE NEGOTIATED SERVICE AGREEMENT

* * * * *

610.33 **Additional Discounts (Year 2 [and Year 3], Year 3, and Year 4)**. If eligible First-Class Mail volume for the first year is less than 1.025 billion pieces, the additional discount tiers shown in Rate Schedule 610B shall apply to the incremental volumes in the second [and third], third, and fourth years in addition to the incremental discounts in Rate Schedule 610A.

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610.5 **Expiration**

The provisions of section 610 expire on September 1, [2006]2007 at 12:01 a.m.

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**RESOLUTION OF THE BOARD OF GOVERNORS
OF THE
UNITED STATES POSTAL SERVICE**

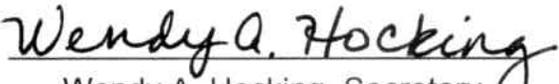
Resolution No. 06-8

Effective Date of New Classification

RESOLVED:

Pursuant to Section 3625(f) of Title 39, United States Code, the Board of Governors determines that the classification schedule changes that were ordered to be placed into effect by the Decision of the Governors on the Opinion and Recommended Decision of the Postal Rate Commission on Extension of Capital One NSA, Docket No. MC2006-6, shall become effective at 12:01 a.m. on September 13, 2006.

The foregoing Resolution was adopted by the Board of Governors on September 11, 2006.


Wendy A. Hocking, Secretary