

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton; and
Tony Hammond

Notice of Market-Dominant
(Price Adjustment)

Docket No. R2017-1

ORDER ON PRICE ADJUSTMENTS FOR FIRST-CLASS MAIL, STANDARD MAIL,
PERIODICALS, AND PACKAGE SERVICES PRODUCTS AND RELATED MAIL
CLASSIFICATION CHANGES



Washington, DC 20268-0001
November 15, 2016

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Appendix B—List of Commenters and Comments

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I. INTRODUCTION AND BACKGROUND

Introduction. On October 12, 2016, the Postal Service filed notice of its planned price adjustments for market dominant products.¹ In conjunction with its planned price

¹ United States Postal Service Notice of Market Dominant Price Adjustment, October 12, 2016 (Notice). On October 28, 2016, the Postal Service filed two errata to its Notice. Notice of Revisions to United States Postal Service Notice of Market-Dominant Price Adjustment, Attachment A, and Attachment B -- Errata, October 28, 2016 (October 28 Errata to Notice); Notice of Revisions to United States Postal Service Notice of Market-Dominant Price Adjustment, Attachment A, and Attachment B -- Errata, November 8, 2016 (November 8 Errata to Notice).

adjustments, the Postal Service proposes to implement various related mail classification changes.²

The Commission has reviewed the First-Class Mail, Standard Mail, Periodicals, and Package Services pricing proposals for compliance with the requirements of title 39, the Commission's regulations, and other applicable legal requirements. Due to delays in receiving the information necessary to complete its review and the complexity of classification changes proposed by the Postal Service, the Commission will address the proposed Special Services price adjustments and classification changes in a separate order. Barring any unforeseen issues, the Commission expects to issue the separate order well in advance of the expected January 22, 2017 implementation date.

In section II of this Order, the Commission discusses the revisions to the consumer price index for all urban consumers (CPI-U) that were announced after the Postal Service filed its Notice and describes how it addresses those revisions. Also in section II of this Order, the Commission discusses the Postal Service's proposed revisions to the Flats Sequencing System (FSS) price structure that apply to the Standard Mail, Periodicals, and Package Services classes. In sections III, IV, V, and VI of this Order, the Commission discusses the proposed price adjustments, workshare discounts, and classification changes for the First-Class Mail, Standard Mail, Periodicals, and Package Services classes, respectively. The Commission concludes that the proposed price adjustments for First-Class Mail, Standard Mail, Periodicals, and Package Services do not violate the price cap in 39 U.S.C. § 3622(d) and are consistent with, or justified by an exception to, the workshare discount limitations in 39 U.S.C. § 3622(e). The Commission also concludes that the proposed classification changes for these classes are consistent with applicable law and regulations.

² Notice, Attachment A. See October 28 Errata to Notice; November 8 Errata to Notice.

Background. On October 12, 2016, the Postal Service filed its Notice with the Commission pursuant to 39 U.S.C. § 3622 and 39 C.F.R. part 3010. In its Notice, the Postal Service announced its intention to adjust the prices for market dominant products on January 22, 2017, at 12:01 a.m. by amounts that are within the available price adjustment authority for each class of mail. Notice at 1, 6.

The Notice includes three attachments, which present detailed price and mail classification changes, workshare discount calculations,³ and price index change calculations, respectively. *Id.* Attachments A-C. For First-Class Mail, Standard Mail, Periodicals, and Package Services, the Postal Service initially filed four public library references and one non-public library reference in support of its Notice:

- Library Reference USPS-LR-R2017-1/1, First-Class Mail
October 12, 2016⁴
- Library Reference USPS-LR-R2017-1/2, Standard Mail
October 12, 2016⁵
- Library Reference USPS-LR-R2017-1/3, Periodicals
October 12, 2016

³ The workshare discount table was initially filed in Attachment B to the Notice but was revised in the Postal Service's October 14 Response to CHIR No. 1. October 14 Response to CHIR No. 1, Excel file "Workshare Tables (Attachment B).xlsx." The Postal Service further amended information in the workshare discount table in response to other various Chairman's Information Requests (CHIRs). See, e.g., October 21 Response to CHIR No. 2, question 2.a.; *id.*, Excel file "CHIR 2 Q2a Attachment B Rev 10-21.xlsx."

⁴ The Postal Service filed three errata to Library Reference USPS-LR-R2017-1/1. Notice of the United States Postal Service of Filing of Revised Version of USPS-LR-R2017-1/1 – Errata, October 21, 2016; Notice of the United States Postal Service of Filing of Revised Version of USPS-LR-R2017-1/1 – Errata, October 26, 2016; Notice of the United States Postal Service of Filing of Revised Version of USPS-LR-R2017-1/1 – Errata, November 1, 2016.

⁵ The Postal Service filed two errata to Library Reference USPS-LR-R2017-1/2. Notice of the United States Postal Service of Filing of Revised Version of USPS-LR-R2017-1/2 – Errata, October 28, 2016; Notice of the United States Postal Service of Filing a Revised Version of USPS-LR-R2017-1/2 – Errata, November 4, 2016.

- Library Reference USPS-LR-R2017-1/4, Package Services
October 12, 2016⁶
- Library Reference USPS-LR-R2017-1/NP1, First-Class Mail International
October 12, 2016⁷

On October 13, 2016, the Commission issued Order No. 3565, which provided public notification of the Notice; established Docket No. R2017-1 to consider the planned price adjustments' consistency with applicable statutory and regulatory requirements; appointed a Public Representative; and provided an opportunity for interested parties to comment.⁸

The Postal Service's Notice and initial supporting documentation contained several errors and inconsistencies. As a result, nine CHIRs were issued to clarify the proposed price adjustments and classification changes and ensure the record contained accurate and complete data.⁹ One Commission Information Request (CIR) was issued to obtain clarification of the workpapers for Bound Printed Matter (BPM) Flats in the

⁶ The Postal Service filed two errata to Library Reference USPS-LR-R2017-1/4. Notice of the United States Postal Service of Filing of Revised Version of USPS-LR-R2017-1/4 – Errata, October 21, 2016; Notice of the United States Postal Service of Filing a Revised Version of USPS-LR-R2017-1/4, October 26, 2016.

⁷ The Postal Service filed two errata to Library Reference USPS-LR-R2017-1/NP1. Notice of the United States Postal Service of Filing of Revised Portions of USPS-LR-R2017-1/NP1, October 21, 2016; Notice of the United States Postal Service of Filing of Revised Portions of USPS-LR-R2017-1/NP1 in Response to Chairman's Information Request No. 6, November 1, 2016.

⁸ Notice and Order on Rate Adjustments and Classification Changes, October 13, 2016 (Order No. 3565).

⁹ On October 20, 2016, both the Public Representative and Valpak filed motions requesting that information requests be issued to obtain clarification from the Postal Service on its proposed price adjustments and to supplement information provided by the Postal Service in its Notice. Public Representative Motion to Request Issuance of Information Request, October 20, 2016; Valpak Direct Marketing Systems, Inc. and the Valpak Franchise Association, Inc. Motion for Issuance of Information Request, October 20, 2016. Several of the questions proposed by the Public Representative and Valpak were incorporated into CHIR No. 4 and CHIR No. 7. See CHIR No. 4, questions 4, 5; CHIR No. 7, question 2.

Package Services class. Appendix A to this Order provides a list of citations to the information requests, the Postal Service's responses,¹⁰ and related filings.

On October 14, 2016, the Commission issued Order No. 3566 scheduling a technical conference to discuss the issues presented in CHIR No. 1 and to clarify the calculations for the price adjustments proposed in the Notice pertaining to Standard Mail, Periodicals, Package Services, and Special Services.¹¹ On October 20, 2016, the technical conference was held. On October 21, 2016, the Postal Service filed a library reference containing information it presented at the technical conference.¹²

The Commission received 12 sets of formal comments in response to the Postal Service's Notice. Appendix B to this Order provides a list of commenters and citations to the comments filed in this proceeding.

In the section that follows, the Commission discusses issues in the Postal Service's Notice that apply across multiple classes. First, the Commission discusses the revisions to the CPI-U that occurred after the Notice was filed and addresses this novel issue. The Commission then reviews the Postal Service's proposal to return flats pricing to a previous structure by removing the FSS price categories for Standard Mail, Periodicals, and Package Services flats.

¹⁰ The Postal Service filed one non-public library reference in support of its October 21 Response to CHIR No. 2. Library Reference USPS-LR-R2017-1/NP2, October 21, 2016. In support of its responses to other various CHIRs, the Postal Service filed errata to many of its library references. See *supra* nn.4-7.

¹¹ Order Scheduling Technical Conference, October 14, 2016 (Order No. 3566).

¹² Notice of the United States Postal Service of Filing Library Reference USPS-LR-R2017-1/6, October 21, 2016.

II. RESOLUTION OF CROSS-CLASS ISSUES

A. Revision of CPI-U

1. Introduction

This section discusses the downward revision of the CPI-U figures for May 2016, June 2016, July 2016, and August 2016, that was announced after the Postal Service filed its Notice. Use of these revised CPI-U figures in this proceeding would slightly affect the Postal Service's price adjustment authority by mail class. The Commission will evaluate the Postal Service's proposed price adjustments for compliance with the price cap based upon the unrevised CPI-U figures and will make a one-time adjustment to the Postal Service's unused pricing authority available following the price changes approved in the instant docket.

2. Bureau of Labor Statistics (BLS) Revision of CPI-U

On October 18, 2016, the BLS revised the CPI-U for May 2016, June 2016, July 2016, and August 2016.¹³ The BLS revised these figures because "[t]he indexes for prescription drugs were incorrect as published for May 2016 through August 2016, which affected the U.S. All items index."¹⁴ These revisions ultimately affected the

¹³ U. S. Department of Labor, Bureau of Labor Statistics, Economic News Release, October 18, 2016, at 1, 9, available at http://www.bls.gov/news.release/archives/cpi_10182016.pdf (accessed November 14, 2016). Specifically, the CPI-U for May 2016 was revised downward from 240.236 to 240.229, the CPI-U for June 2016 was revised downward from 241.038 to 241.018, the CPI-U for July 2016 was revised downward from 240.647 to 240.628, and the CPI-U for August 2016 was revised downward from 240.853 to 240.849. See *id.*

¹⁴ U. S. Department of Labor, Bureau of Labor Statistics, Economic News Release, October 18, 2016, at 1, available at http://www.bls.gov/news.release/archives/cpi_10182016.pdf (accessed November 14, 2016).

calculations for Series ID CUUR0000SA0, which is used by the Commission to calculate the annual limitation for price adjustments.¹⁵

Table II-1 compares the Postal Service's price adjustment authority by mail class, as calculated using the unrevised CPI-U figures and the revised CPI-U figures. The table reflects a slight difference between the available price adjustment authority based upon the use of the unrevised or revised CPI-U figures.¹⁶

Table II-1
Class Available Price Adjustment Authority (%)

Class	Calculated Using Unrevised CPI-U ¹	Calculated Using Revised CPI-U ²	Difference
First-Class Mail	0.804%	0.802%	-0.002%
Standard Mail	0.929%	0.927%	-0.002%
Periodicals	0.871%	0.870%	-0.001%
Package Services	1.050%	1.049%	-0.001%
Special Services	2.582%	2.581%	-0.001%

Source: ¹ Notice at 6; ² October 26 Response to CHIR No. 3, question 1.

¹⁵ U. S. Department of Labor, Bureau of Labor Statistics, Corrections to Consumer Price Index Data, available at <http://www.bls.gov/bls/errata/cpi-price-corrections-10182016.htm> (accessed November 14, 2016); 39 C.F.R. § 3010.21(a).

¹⁶ The table includes Special Services because the CPI-U revision affected all five classes. A separate order on the proposed price adjustments and classification changes for Special Services will be issued. See section I of this Order.

The BLS's revision of its CPI-U figures is without precedent. Indeed, the BLS considers the CPI-U figures "final when released."¹⁷ Moreover, it appears that this is the first time BLS has revised its CPI-U figures since at least 1913.¹⁸

3. Postal Service Position

In light of the BLS's revision, a CHIR was issued regarding the Postal Service's available price adjustment authority by mail class. CHIR No. 3, question 1. The Postal Service responds by asserting that "revising its available price adjustment authority after it files a notice of market dominant price adjustment is generally incompatible with section 3622's establishment of 'a modern system for regulating rates,' is inconsistent with the Commission's rules, and could have significant adverse consequences in future price adjustment cases that are not implicated here." October 26 Response to CHIR No. 3, question 1. The Postal Service contends that its calculation of its overall price adjustment authority in its Notice "reflects the most recent CPI-U numbers available to the Postal Service on October 12," in conformance with 39 U.S.C. § 3622(d)(1). *Id.* (emphasis in original). The Postal Service acknowledges, however, that using the revised figures would produce the results shown in Table II-1 above. *See id.* The Postal Service emphasizes that even if its price adjustment authority were revised, the proposed prices "remain within even the revised limits." *Id.*

The Postal Service posits several scenarios that it uses to support its assertion that requiring it to revise its price adjustment authority after a notice of price adjustment is filed would be problematic. *Id.* These hypotheticals conclude with the Postal

¹⁷ U. S. Department of Labor, Bureau of Labor Statistics, Economic News Release, October 18, 2016, at 5, available at http://www.bls.gov/news.release/archives/cpi_10182016.pdf (accessed November 14, 2016).

¹⁸ U. S. Department of Labor, Bureau of Labor Statistics, CPI Detailed Report, Data for September 2016, at 84, 86, available at <http://www.bls.gov/cpi/cpid1609.pdf> (accessed November 14, 2016).

Service's statement that its "position [to not adjust its price adjustment authority] avoids injecting a layer of uncertainty and complexity into market dominant rate adjustment proceedings." *Id.*

4. Commission Analysis

The Commission's task with respect to this unusual situation is to balance the Postal Service's and public's ability to plan adequately for price adjustments with Congress's intent that any such price adjustments be limited by CPI-U. This is a unique issue of first impression for the Commission.

The Postal Accountability and Enhancement Act of 2006 (PAEA)¹⁹ created a new system of postal rate regulation. In the PAEA, Congress delegated authority to the Commission to prescribe, by regulation, "a modern system for regulating rates and classes for market-dominant products." 39 U.S.C. § 3622(a). One requirement of the PAEA is that the new system "include an annual limitation on the percentage changes in rates to be set by the Postal Regulatory Commission that will be equal to the change in the Consumer Price Index for All Urban Consumers unadjusted for seasonal variation over the most recent available 12-month period preceding the date the Postal Service files notice of its intention to increase rates." 39 U.S.C. § 3622(d)(1)(A). The Commission's regulations for determining the maximum price adjustment, including the annual limitation, are promulgated at 39 C.F.R. § 3010.20 *et seq.*

In determining how to address the CPI-U revision, the Commission has considered Congress's intent when enacting PAEA, including its selection of CPI-U in connection with the price cap, the fact that future CPI-U revisions appear unlikely based on the BLS's past performance, and the Postal Service's position as outlined in its October 26 Response to CHIR No. 3, question 1. Altogether, it appears that the present

¹⁹ Postal Accountability and Enhancement Act (PAEA), Pub. L. 109-435, 120 Stat. 3198 (2006).

situation was never contemplated by Congress when it enacted PAEA or by the Commission when it promulgated its regulations. The Commission also observes the probability that the BLS *again* revises its CPI-U figures *after* the Postal Service files a notice of market dominant price adjustment is very remote given that this appears to be the first time there has been a revision in the CPI-U's over 100 year history. Therefore, the Commission anticipates that the solution applied in this docket will have limited applicability in future price adjustment proceedings.

The Commission determines that in the instant docket it will evaluate the Postal Service's proposed price adjustment for compliance with the price cap based upon the unrevised CPI-U figures, which were available to the Postal Service on the date it filed its Notice (*i.e.*, October 12, 2016). This is consistent with the requirement of 39 U.S.C. § 3622(d)(1)(A) that the CPI-U figures from the "most recent available 12-month period preceding" the Postal Service's filing be used. In reaching this conclusion, the Commission acknowledges the Postal Service's concerns with respect to the burden it may face if it were required to resubmit all documents and workpapers during the pendency of a price adjustment proceeding. As a result, the Commission concludes that in this case it is appropriate to review the Notice based on the known available price adjustment authority as of the filing date.

However, the Commission must also weigh Congress's intent that price adjustments be limited by CPI-U, an index that is considered final, and therefore correct, when released.²⁰ In order to ensure that the Postal Service's pricing authority reflects the BLS's most accurate figures, the Commission will make a one-time adjustment to the Postal Service's unused pricing authority available following the price changes approved in the instant docket. This will ensure the integrity of the price cap regime

²⁰ Other indices are revised periodically. For example, CPI-U (Series ID CUSR0000SA0) is seasonally revised.

without disturbing the Postal Service's proposed prices or delaying this proceeding. If the Commission did not adjust the unused pricing authority in this docket to reflect the revision in the CPI-U, the calculation of the Postal Service's available price adjustment authority would be inaccurate for up to 2 years. To ensure accuracy in future cases, the Postal Service is directed to use the revised CPI-U figures to calculate its unused pricing authority in future price adjustment proceedings. Table II-2 below represents the Postal Service's revised available price adjustment authority by mail class as a result of the adjustment due to the CPI-U revision.²¹

²¹ The table includes Special Services because the CPI-U revision affected all five classes. The Docket No. R2017-1 and Total are listed as "pending" for Special Services and will be finalized in the separate order on the proposed price adjustments and classification changes for Special Services. See section I of this Order.

Table II-2
Unused Pricing Authority Available Following the Price Change

Class	Percentage Points
First-Class Mail	
R2016-5	0.382
R2017-1	-0.356
CPI-U Adjustment Factor	-0.002
Total	0.024
Standard Mail	
R2016-5	0.507
R2017-1	-0.478
CPI-U Adjustment Factor	-0.002
Total	0.027
Periodicals	
R2015-4	0.000
R2017-1	0.039
CPI-U Adjustment Factor	-0.001
Total	0.038
Package Services	
R2015-4	0.179
R2017-1	-0.102
CPI-U Adjustment Factor	-0.001
Total	0.076
Special Services	
R2015-4	1.711
R2017-1	pending
CPI-U Adjustment Factor	-0.001
Total	pending

B. Changes to FSS Price Structure

1. Introduction

The Postal Service implemented the FSS to improve efficiency in processing flat-shaped mail by sorting flats volumes directly to the letter carrier in walk sequence. Notice at 11. The FSS machines were deployed in certain locations that receive a high volume of flats (“FSS zones”). *Id.* In addition, the Postal Service established preparation standards for mailers in FSS zones to facilitate the implementation and efficient use of its FSS equipment. *Id.* Initially, mailers paid the same price for FSS and non-FSS mailings. *Id.*

As a result of Docket No. R2015-4, the Postal Service introduced FSS price categories for flat-shaped Standard Mail, Periodicals, and Package Services pieces destined for FSS zones on May 31, 2015. *Id.* at 12. For Standard Mail and Periodicals, the new FSS rates were a blend of Carrier Route prices and presort 5-Digit/3-Digit prices, using the actual FSS volumes mailed in each price category. *Id.* For Package Services, the new FSS rate for BPM Flats was a discount off of the Basic Presort price. *Id.*

In its Notice, the Postal Service explains that since the new rates were implemented in May 2015, FSS volume has declined faster than the volume in other categories of flat-shaped mail. *Id.* For example, the Postal Service explains that feedback from catalog mailers indicates that mailers have significantly reduced the number of pieces sent to potential new customers in FSS zones due to cost mitigation strategies. *Id.* The Postal Service also states that “additional feedback indicates that other flats mailers may be engaging in similar cost mitigation strategies to avoid sending certain pieces to FSS zones.” *Id.*

2. Description of the Changes to the FSS Price Structure

In this proceeding, the Postal Service proposes that the FSS price categories in Standard Mail, Periodicals, and Package Services be removed, and that flats prices be returned to the structure that existed prior to Docket No. R2015-4.²² Thus, the same price structure will apply to FSS and non-FSS mailpieces.

Standard Mail. The Postal Service is eliminating FSS specific rates for Standard Mail Flats, particularly rates related to Destination Flat Sequencing System (DFSS) entry, FSS Scheme Pallet/Container, and FSS Other Pallet/Container. Notice at 24-25. The Postal Service proposes that the volume occupying these cells will pay the appropriate 3-Digit, 5-Digit, Carrier Route, and High Density prices. *Id.* at 25.

Periodicals. The Postal Services states that FSS rates will no longer exist for pounds, pieces, bundles, sacks, or pallets. Notice at 30. Instead, the Postal Services intends to require all Periodicals pieces to pay the same pound, piece, bundle, sack, and pallet prices regardless of whether or not they are destined for FSS zones. *Id.* at 30-31.

Package Services. The Postal Service states that FSS rates will no longer exist for BPM Flats at the originating entry, destination network distribution center (DNDC) entry, destination sectional center facility (DSCF) entry, and DFSS entry levels. Notice at 33. Rather, the volume occupying these cells will pay the appropriate Carrier Route or Basic Presort price. *Id.*

3. Adjustments to Billing Determinants

The Commission's rules require that the Postal Service make reasonable adjustments to billing determinants to account for mail classification changes, including

²² The Postal Service notes that discounts that existed prior to Docket No. R2015-4, such as those related to FSS scheme bundles on destination FSS pallets, are being removed. Notice at 13.

changes that result in the removal of a price category. 39 C.F.R. § 3010.23(d)(2). In this proceeding, the Postal Service adjusts the hybrid year billing determinants for Standard Mail, Periodicals, and Package Services to reflect the removal of FSS price categories. In each class, the Postal Service uses a different approach. See October 19 Response to CHIR No. 2, question 5. Prior to the implementation of the FSS pricing structure in Docket No. R2015-4, the Postal Service recorded the price category for each FSS prepared mailpiece. For example, a bundle of FSS prepared Standard Mail could contain pieces paying 3-Digit, 5-Digit, Carrier Route, and High Density prices. However, once the FSS prices were implemented, the Postal Service was unable to track the price that volume would have paid absent FSS prices.

In Standard Mail, the hybrid year quarterly FSS volumes are reassigned to 3-Digit, 5-Digit, Carrier Route, and High Density price categories based on a quarter-specific volume distribution that is based on the historical volumes prior to the implementation of FSS prices. For example, fiscal year (FY) 2015 Quarter 4 FSS volumes are distributed based on FY 2014 Quarter 4 volumes of 3-Digit, 5-Digit, Carrier Route, and High Density.

For Periodicals, the hybrid year FSS volumes are reassigned based on FY 2014 Quarter 3 through FY 2015 Quarter 2 volumes.

For Package Services, the Postal Service proposed adjusting the billing determinants based on FY 2014 Quarter 4 through FY 2015 Quarter 2 volumes, with FY 2015 Quarter 2 included twice. In response to CIR No. 1, the Postal Service does not oppose the Commission's approach of using a hybrid year Presort and Carrier Route volume distribution to reassign FSS volumes. See October 31 Response to CIR No. 1; see also Library Reference PRC-LR-R2017-1/4, November 15, 2016.

4. Comments

PostCom comments that it fully supports the Postal Service's decision to remove the FSS price categories. PostCom Comments at 1. PostCom agrees that the FSS pricing disrupted incentives and led to certain mailer behavior that caused FSS volumes to decline. *Id.* PostCom states that this decline "has exacerbated cost issues associated with flat-shaped mail and impacted the efficiency of FSS processing." *Id.*

ACMA explains that elimination of the FSS categories and moving the Carrier Route portion of FSS Standard Mail back to Carrier Route will restore the distinction between Standard Flats and Carrier Route. ACMA Comments at 3. ACMA states that this change has three impacts: (1) returning recognition of the density of Carrier Route mailings, which is a cost determinant; (2) allowing for a uniform price for Carrier Route mailings that does not vary with destination-specific processing; and (3) the possibility of a positive effect on co-mail decisions and on the uniformity of dropship patterns. *Id.*

Valpak asserts that the proposed price change will have no effect on improving the cost coverage and cross subsidy to Standard Flats. Valpak Comments at 17. Valpak also states that "removing the lower-cost FSS volume and returning it to Carrier Route and High Density/Saturation Flats & Parcels will cause the unit costs of Standard Flats to increase significantly after the price change is implemented." *Id.* at 18-19.

5. Commission Analysis

The Commission has reviewed the proposal regarding the FSS price categories for Standard Mail, Periodicals, and Package Services. The Commission approves the removal of the FSS price categories.

For the Standard Mail and Periodicals classes, the Postal Service changed the billing determinants using four quarters of FSS data. Although these data were in the same form as the data used in Docket No. R2015-4, the Postal Service used only two quarters in that docket because it was the only available data. In this docket, the Postal

Service had two additional quarters of data to use. The billing determinant adjustments for Standard Mail and Periodicals differed slightly but both incorporated known mail characteristics and historical volume data and were accompanied by a reasonable explanation of the differences. See October 19 Response to CHIR No. 2, question 5.d.

For the Package Services class, the Postal Service does not have similar data for BPM Flats. To adjust the billing determinants, the Postal Service proposed using three quarters of data (and using one quarter twice). This approach was fundamentally different from the approach used in Docket No. R2015-4 for Package Services. Because the Postal Service does not have more accurate data, the Commission determines that it is more appropriate to use the same approach as was used in Docket No. R2015-4 and, therefore, adjusts the Package Services workpapers accordingly. See October 31 Response to CIR No. 1; Library Reference PRC-LR-R2017-1/4.

The Commission has reviewed the adjustments to billing determinants for the removal of FSS price categories for each class. No commenter submitted comments concerning these adjustments. The FSS adjustments to the billing determinants use known mail characteristics and historical volume data. 39 C.F.R. § 3010.23(d)(3). Thus, the Commission finds that these adjustments are reasonable and consistent with 39 C.F.R. § 3010.23(d).

III. FIRST-CLASS MAIL

A. Introduction

This section discusses the proposed First-Class Mail price adjustments, the workshare relationships between First-Class Mail discounts and associated avoided costs, and the proposed mail classification changes. It also discusses International First-Class Mail.

B. Price Adjustments

The First-Class Mail class consists of six products: (1) Single-Piece Letters/Postcards; (2) Presorted Letters/Postcards; (3) Flats; (4) Parcels; (5) Outbound Single-Piece First-Class Mail International; and (6) Inbound Letter Post. The planned price increase for First-Class Mail is, on average, 0.778 percent, which generates 0.024 percent in new unused price adjustment authority.²³ Table III-1 shows the percent price change for each First-Class Mail product as calculated by the Commission.

Table III-1
First-Class Mail Price Changes (By Product)

First-Class Mail Product	Price Change %
Single-Piece Letters/Postcards	2.024
Presorted Letters/Postcards	-0.243
Flats	1.886
Parcels	0.624
Outbound Single-Piece First-Class Mail International	0.000
Inbound Letter Post	5.019
Overall	0.778
Source: Library Reference PRC-LR-R2017-1/1, November 15, 2016, Excel file "PRC-CAPCALC-FCM-R2017-1.xlsx;" Library Reference PRC-LR-R2017-1/NP1, November 15, 2016, Excel file "PRC-CAPCALC-ILP-R2017-1.xlsx."	

In this price adjustment, the Postal Service is increasing the price of the 1 ounce Single-Piece Machinable Stamped Letter by 2 cents to 49 cents. The Postal Service is also decreasing the price for a Single-Piece Machinable Metered Letter by one-half cent

²³ The 0.778 percent increase for First-Class Mail differs from the Postal Service's figure provided in the Notice. In Library Reference PRC-LR-R2017-1/1, Excel file "PRC-CAPCALC-FCM-R2017-1.xlsx," the Commission incorporates promotions, as well as corrections to Single-Piece Letters and Postcards and Inbound Letter Post, resulting in differences for those products and the average increase for the class. Additionally, the workpapers were revised for accuracy, efficiency, and readability. These changes are described in more detail in Library Reference PRC-LR-R2017-1/1, Preface. Adjustments were also made to the unused price adjustment authority as described in section II.A. of this Order.

to 46 cents. Notice at 15-16. The Postal Service seeks to decrease the Metered Letter price in order to encourage mailers to use meters instead of stamps. *Id.* at 17.

Comments. TPA, the SBE Council, the Public Representative, and GCA raise issues with the planned price adjustments for Single-Piece Letters/Postcards. TPA and the SBE Council assert that because revenue for letter mail exceeds costs, the increase in stamp price is not necessary for cost coverage purposes. TPA Comments at 1, 2; SBE Comments at 2. Mr. Alex Belleque objects to the proposed price increases for several market dominant and competitive products, including First-Class Flats. Belleque Comments at 1.

The Public Representative and GCA express concern with the 3 cent differential between Stamped Letters and Metered Letters created by the price adjustments. Both assert the Postal Service does not quantify the cost savings it claims it will experience by converting stamp users to meters. PR Comments at 8; GCA Comments at 1-2. The Public Representative and GCA also state that it is unclear whether Metered Letter volume will increase by enough to offset the reduced revenue stemming from the decreased meter price and any decrease in Stamped Letter volume. PR Comments at 8; GCA Comments at 5.

After raising concerns about Metered Letters' role as a benchmark for Presorted Letters/Postcards, GCA notes, however, that this issue is generally outside the scope of the Commission's review in this docket and suggests the Commission address these issues in the next Annual Compliance Determination (ACD) or initiate a separate public inquiry docket. GCA Comments at 2-6.

Stamps.com, Pitney Bowes, and the Joint Commenters support the planned price adjustments for Single-Piece Letters/Postcards. Stamps.com Comments at 1-2; Pitney Bowes Comments at 1-2; Joint Comments at 2.

Commission analysis. The Commission finds the Postal Service's planned price adjustments for First-Class Mail comply with the price cap limitations specified by 39 U.S.C. § 3622(d). The Postal Service's planned price adjustment of 0.778 percent is less than the current price adjustment authority of 0.802 percent. The Postal Service had an unused price adjustment authority of 0.382 percent, therefore, the unused price adjustment authority for First-Class Mail is 0.024 percent.²⁴ See Library Reference PRC-LR-R2017-1/1.

Several parties took issue with the Postal Service's proposed pricing strategy for First-Class Single-Piece Letters/Postcards. However, subject to certain limitations, most prominently the price cap, the PAEA gives the Postal Service pricing flexibility within First-Class Mail. The Postal Service has complied with the applicable statutory and regulatory requirements. The Commission encourages the Postal Service to continue to collaborate with mailers about pricing.

Calendar Year (CY) 2017 Promotions. In Docket No. R2016-5, the Commission approved the Postal Service's promotions for First-Class Mail that would begin in CY 2017.²⁵ The base (undiscounted) prices generated additional banked price authority for both classes of mail. In Order No. 3373, the Commission noted that an intervening price adjustment could change base prices on which the promotional prices are based and directed that the Postal Service make applicable changes to its price cap compliance calculations if such a price adjustment proceeding was filed. Order No. 3373 at 11.

²⁴ See *supra* section II.A., Table II-2.

²⁵ Docket No. R2016-5, Order on Price Adjustments for Market Dominant Products, June 16, 2016, at 11 (Order No. 3373). The promotions are: (1) Earned Value Reply Mail Promotion; (2) Emerging and Advance Technology Promotion; and (3) Personalized Color Transpromo Promotion. *Id.* at 8.

Comments. The Public Representative asserts that changes are needed to the First-Class Mail workpapers to properly account for changes in promotional prices resulting from the Postal Service's proposed prices in this docket. PR Comments at 3-4. She calculates that the Postal Service would have an additional 0.001 percent of unused price adjustment authority with corrected workpapers. *Id.* at 4. She recommends the Commission require the Postal Service to include promotions in its price change calculation if any of the proposed base prices decrease for a category of mail included in the promotions. *Id.*

Commission analysis. In Order No. 3373, the Commission approved several First-Class Mail promotions which will be in effect during CY 2017 and directed the Postal Service to account for any price changes in its workpapers if it filed an intervening price adjustment. As identified by the Public Representative, the reduction of the price for 5-Digit Automation Letters in this docket represents the kind of price change contemplated by Order No. 3373.

The Postal Service did not use the most recent billing determinants. The Commission has calculated the effect of the promotions using the correct billing determinants and incorporated the change into Library Reference PRC-LR-R2017-1/1.²⁶ With the promotions properly accounted for in the workpapers, the Commission finds the First-Class Mail promotions permissible and consistent with applicable regulatory requirements. With the changes detailed in Library Reference PRC-LR-R2017-1/1, the Commission concludes that the price cap calculation for First-Class Mail is consistent with 39 C.F.R. § 3010.23(e)(2).

²⁶ These promotions calculations affect First-Class Mail Presorted Letters/Postcards and First-Class Mail Flats.

C. Workshare Discounts

The Commission is required to ensure workshare “discounts do not exceed the cost that the Postal Service avoids as a result of workshare activity” unless the discount falls within a specified exception. 39 U.S.C. § 3622(e)(2).

Commission rules require the Postal Service to justify any proposed workshare discount that exceeds 100 percent of the avoidable costs by explaining how it meets one or more exceptions under the PAEA. 39 C.F.R. § 3010.12(b)(6). The Postal Service must also identify and explain discounts that are set substantially below avoided costs, and explain any relationship between discounts that are above and those that are below avoided costs. *Id.*

There are two planned discounts within the First-Class Mail class that have passthroughs exceeding 100 percent. See Library Reference PRC-LR-R2017-1/1, Excel file “PRC-CAPCALC-FCM-R2017-1.xlsx.” These discounts are listed in Table III-2 below.

Table III-2
First-Class Mail Passthroughs Exceeding 100 Percent

	Discount	Passthrough %
1	Mixed AADC Automation Letters	112.1
2	5-Digit Automation Flats	115.7
Source: Library Reference PRC-LR-R2017-1/1, Excel file “PRC-CAPCALC-FCM-R2017-1.xlsx.”		

The Postal Service’s stated statutory justifications for these proposed passthroughs are discussed below.

Mixed automated area distribution center (AADC) Automation Letters. The Postal Service states that it has “made progress” in reducing the passthrough for Mixed AADC Automation Letters, down from 139.4 percent from the FY 2015 Annual

Compliance Report (ACR).²⁷ The Postal Service states that aligning the Mixed AADC Automation Letters discount with avoided costs would require the rate cell to be increased by 1.9 percent, more than double the average increase for the class. Notice at 44. Therefore, the Postal Service justifies the Mixed AADC Automation Letters passthrough pursuant to 39 U.S.C. § 3622(e)(2)(B) (rate shock). *Id.*; 39 U.S.C. § 3622(e)(2)(B).

5-Digit Automation Flats. The Postal Service states it has also improved the 5-Digit Automation Flats passthrough by decreasing the discount to 18.4 cents. Notice at 44. The passthrough has decreased from 120.8 percent in the FY 2015 ACD²⁸ to 115.7 percent as a result of this docket. *Id.* The Postal Service asserts it was unable to align the discount with avoided costs because the alignment would have required a 7.5 percent increase for the rate cell. *Id.* at 45. Therefore, the Postal Service justifies this passthrough pursuant to 39 U.S.C. § 3622(e)(2)(B) (rate shock). *Id.*; 39 U.S.C. § 3622(e)(2)(B).

Comments. The Public Representative expresses concern that the Postal Service does not represent that it will phase out these excessive discounts over time, but notes that the Postal Service has made progress in doing so. PR Comments at 5. She recommends that the Commission require the Postal Service to explain its plans to phase out these excessive discounts. *Id.*

Pitney Bowes and the Joint Commenters support the Postal Service's proposed workshare discounts for Presort Letters and in particular endorse the increase in the 5-Digit Automation Letters workshare discount. Joint Comments at 3; Pitney Bowes Comments at 3. The Joint Commenters also support the continuation of the Full

²⁷ Notice at 43. Docket No. ACR2015, United States Postal Service FY 2015 Annual Compliance Report, December 29, 2015, at 9 (FY 2015 ACR).

²⁸ Docket No. ACR2015, Annual Compliance Determination, Fiscal Year 2015, March 28, 2016 (FY 2015 ACD).

Service Intelligent Mail discount for qualifying First-Class Mail and Standard Mailpieces. Joint Comments at 3.

Commission analysis. The Commission approves all proposed workshare discounts as consistent with 39 U.S.C. § 3622(e) or adequately justified pursuant to an exception identified in 39 U.S.C. § 3622(e)(2).

The Postal Service explains that if it were to align these passthroughs with avoided costs, the price change for Mixed AADC Automation Letters would be 1.9 percent, which would be double the average increase for the First-Class Mail class. This would also push the AADC Automation Letters passthrough from 100 percent to 119 percent. Notice at 43-44. The Postal Service represents that alignment of the 5-Digit Automation Flats passthrough with avoided costs would result in a price change of 7.5 percent, which is 10 times higher than the average First-Class Mail increase. *Id.* at 44-45. The explanation provided by the Postal Service ignores the ability of the Postal Service to reduce prices for some letter and flat price categories (*i.e.*, benchmark prices) to align discounts with avoided costs. Given the limited annual limitation available for First-Class Mail in this docket, and the numerous substantive mail classification changes proposed for First-Class Mail (see section D below), the Commission is accepting the Postal Service's justification.

However, if these discounts are not aligned with avoided costs in the next market dominant price adjustment, the Postal Service must provide an analysis that demonstrates whether it was possible to adjust prices, including benchmark prices, to bring these discounts into compliance with 39 U.S.C. § 3622(e) and remain under the annual limitation. In addition, in future proceedings, the Postal Service must provide a better explanation of its use of the rate shock exemption, particularly in cases where a price increase required to equalize the discount with avoided costs is minimal.

D. Classification Changes

The Postal Service proposes four substantive mail classification changes for First-Class Mail products: (1) rename “Alternate Postage” as “Share Mail,” eliminate Alternate Postage’s prefunding price tiers, and remove Picture Permit Imprint Indicia as an optional feature; (2) combine AADC and 3-Digit workshare categories for Presorted Automation Letters and Postcards; (3) increase the weight allowing Non-automation Presorted Machinable Letters to qualify for a single price; and (4) increase the maximum weight for First-Class Mail Non-automation Presorted Machinable Letters. Notice at 57. There are no other significant changes to the Mail Classification Schedule (MCS) with respect to First-Class Mail products.

1. Changes to Alternate Postage

The Postal Service proposes several classification changes to Alternate Postage, including renaming it as Share Mail. *Id.* No commenter addresses these classification changes. The Commission finds that these changes conform with applicable statutory and regulatory requirements.

2. Combine AADC and 3-Digit Price Categories

The Postal Service seeks approval to combine 3-Digit and AADC workshare categories for Presorted Automation Letters and Postcards. *Id.* No commenter addresses this classification change. The Commission finds that this change conforms with applicable statutory and regulatory requirements.

3. Offer Single Price for Presorted Letters Weighing up to 3.5 ounces

The Postal Service proposes to extend the current “Second Ounce Free”²⁹ pricing to mailpieces weighing up to 3.5 ounces for Non-automation Presorted Machinable Letters. *Id.*

Comments. The Public Representative notes concern with the Postal Service’s rationale for extending its “Second Ounce Free” initiative. PR Comments at 7-8. She observes that “[a]lthough the volume trend for First-Class Mail presort letters finally leveled out in FY 2015, this may be more attributable to the preferences of the recipients of this type of mail...than the pricing incentives offered to senders.” *Id.* at 8.

Commission analysis. The concern the Public Representative raises regarding the extension of the “Second Ounce Free” initiative do not bring the Postal Service’s proposal into conflict with the applicable statutory or regulatory requirements. As a result, the Commission finds that this change conforms with applicable statutory and regulatory requirements.

4. Increase Weight for First-Class Mail Non-automation Presorted Machinable Letters from 3.3 ounces to 3.5 ounces

The Postal Service proposes to increase the maximum weight for First-Class Mail Non-automation Presorted Machinable Letters from 3.3 ounces to 3.5 ounces. Notice at 57. No commenter addresses this classification change. The Commission finds that this change conforms with applicable statutory and regulatory requirements.

²⁹ Currently, the Postal Service charges the same price for 1 and 2 ounce Presorted Letters. Notice at 21.

E. International First-Class Mail

Introduction. There are two international mail products within First-Class Mail: (1) Outbound Single-Piece First-Class Mail International; and (2) Inbound Letter Post. Outbound Single-Piece First-Class Mail International consists of letters, flats, and cards. Inbound Letter Post consists of mailpieces that originate outside of the United States and are destined for delivery inside of the United States and encompasses letters, packages, postcards, printed matter, and small packets, weighing up to 4.4 pounds (2 kilograms).

As shown in Table III-1, the Postal Service does not plan a price increase for Outbound Single-Piece First-Class Mail International. Inbound Letter Post prices will increase 5.019 percent.

Inbound Letter Post. The Postal Service does not independently establish the prices for Inbound Letter Post. Instead, Inbound Letter Post prices, referred to as terminal dues, are determined each CY according to a Universal Postal Union (UPU) formula established in the Universal Postal Convention.³⁰ Inbound Letter Post prices factor into the price cap calculation for First-Class Mail because Inbound Letter Post is a First-Class Mail product.

Commission analysis. The Commission accepts the Postal Service's calculations for Inbound Letter Post with minor modifications. See Library Reference PRC-LR-R2017-1/1 and PRC-LR-R2017-1/NP1. Applying the accepted methodology results in a price change of 5.019 percent for Inbound Letter Post, slightly higher than the change calculated by the Postal Service.³¹

³⁰ Terminal dues refer to payments by foreign postal operators to the Postal Service for delivery of Inbound Letter Post in the United States.

³¹ See Library Reference USPS-LR-R2017-1/NP1, file "FCMI-R2017-1 NP1_CAP_Summary_REV_110116.pdf," November 1, 2016.

IV. STANDARD MAIL

A. Introduction

This section discusses the proposed Standard Mail price adjustments, the workshare relationships between Standard Mail discounts and associated avoided costs, and the proposed mail classification changes.³² It also discusses statutory preferential rates and nonprofit discounts.

B. Price Adjustments

The Standard Mail class consists of seven products: (1) Letters; (2) Flats; (3) Parcels; (4) High Density and Saturation Letters; (5) High Density and Saturation Flats and Parcels; (6) Carrier Route; and (7) Every Door Direct Mail - Retail. The planned price increase for Standard Mail is, on average, 0.900 percent, which generates 0.027 percent in new unused price authority.³³ Table IV-1 shows the percent price change for each Standard Mail product as calculated by the Commission.

³² Proposed changes to the price structure for FSS mail are discussed in section II.B. of this Order.

³³ The 0.900 percent increase matches what the Postal Service calculated in the November 8 Errata to Notice. In Library Reference PRC-LR-R2017-1/2, November 15, 2016, Excel file "PRC-CAPCALC-STD-R2017-1.xlsx," the Commission corrects minor errors in the Postal Service's workpapers, resulting in the change in the percentage increase for High Density/Saturation Flats and Parcels. These changes are described in more detail in Library Reference PRC-LR-R2017-1/2, Preface. Adjustments were also made to the unused price adjustment authority as described in section II.A. of this Order.

Table IV-1
Standard Mail Price Changes (By Product)

Standard Mail Product	Price Change %
Letters	2.037
Flats	2.522
Parcels	1.583
High Density/Saturation Letters	2.211
High Density/Saturation Flats and Parcels	-2.226
Carrier Route	-3.032
Every Door Direct Mail – Retail	0.568
Overall	0.900
Source: Library Reference PRC-LR-R2017-1/2, Excel file “PRC-CAPCALC-STD-R2017-1.xlsx.”	

Comments. Valpak comments that the noticed price changes are “arbitrary and capricious.” Valpak Comments at 5. Valpak also explains that different Standard Mail products pay prices with “dramatically different cost coverages.” *Id.* Specifically, Valpak states that the Postal Service has not attempted to mitigate prices for Letters and High Density/Saturation Letters, which pay more than twice their costs. *Id.* In addition, Valpak states that the Postal Service is giving an “extraordinary and unjustified price break” to High Density/Saturation Flats and Parcels and Carrier Route products, which will cause those products to pay lower coverages in the future. *Id.* Valpak requests that the Commission disapprove the noticed price adjustments for Standard Mail. *Id.* at 13.

Commission analysis. The Commission finds the Postal Service’s planned price adjustments for Standard Mail comply with the price cap limitations specified in 39 U.S.C. § 3622(d). The Postal Service’s planned price adjustment of 0.900 percent is greater than the current annual limitation of 0.422 percent. Therefore, the Postal

Service uses 0.478 percent of the available unused price adjustment authority for Standard Mail. The unused price adjustment authority for Standard Mail is 0.027 percent.³⁴ See Library Reference PRC-LR-R2017-1/2.

Calendar Year 2017 Promotions. In Docket No. R2016-5, the Commission approved the Postal Service's promotions for Standard Mail that would begin in CY 2017.³⁵ The Postal Service makes no changes to the structure of its promotions in this docket. Many of the promotions were percent-based discounts, which means the discounts will change when base prices change. Order No. 3733 at 10-11.

Comments. The Public Representative comments that the Postal Service's calculations regarding the promotions for Standard Mail are accurate. PR Comments at 4.

Commission analysis. The Commission finds the Postal Service's promotions permissible and consistent with applicable regulatory requirements. In Library Reference USPS-LR-R2017-1/2, the Postal Service accurately accounted for price changes related to its 2017 promotional calendar.³⁶ The Commission concludes that the Postal Service's inclusion of the promotions in the price-cap calculation for Standard Mail is consistent with 39 C.F.R. § 3010.23(e)(2).

³⁴ See *supra* section II.A., Table II-2.

³⁵ Order No. 3733 at 10-11. The promotions are: (1) Earned Value Reply Mail Promotion; (2) Emerging and Advance Technology Promotion; (3) Tactile, Sensory, and Interactive Mailpiece Engagement Promotion; (4) Mobile Shopping Promotion; and (5) Direct Mail Starter Promotion. *Id.* at 8.

³⁶ The Postal Service notes that the calculated revenue forgone for promotions in this docket's workpapers (Library Reference USPS-LR-R2017-1/2) is higher than was calculated in the Docket No. R2016-5 workpapers (Library Reference PRC-LR-R2016-5/2) and requested guidance. November 8 Errata to Notice at 5, n.6. The Commission confirms that the Postal Service's treatment of the promotions in Library Reference USPS-R2017-1/2, which uses the hybrid year billing determinants, is appropriate and consistent with Order No. 3733 and the Commission's rules.

Flats and Parcels. In FY 2015 the Standard Mail Flats and Parcels products did not generate sufficient revenue to cover their attributable costs. The Postal Service has proposed that both products receive above-average price increases in this docket. The Postal Service asserts that the above-average price increase for the Flats product is consistent with the Commission's FY 2010 ACD directive requiring the Postal Service to improve the Flats cost coverage through above-average price adjustments and cost reductions. Notice at 26. The proposed increase exceeds the Postal Service's planned price increase schedule presented in FY 2014 of CPI-U x 1.05. In its October 26 Response to CHIR No. 4, question 4, the Postal Service provides a new schedule of above-average price increases for Flats, which equals 1.05 x CPI-U for price adjustments filed in 2017, 2018 and 2019. The Postal Service also asserts that above-average price increase for Standard Mail Parcels continues the Postal Service's previously announced plan to move this product toward full cost coverage. Notice at 26.

Comments. Valpak asserts that the Postal Service's planned price adjustment for Flats may not increase the product's cost coverage, or reduce the letter-flat intra-class cross subsidy. Valpak Comments at 17. It also asserts that Order No. 3506 mandated the use of incremental costs to determine whether products cover their costs and that the Postal Service does not use incremental costs for the calculation of the subsidy in this price adjustment. *Id.* at 17-18.

Commission analysis. The Commission finds that the Postal Service's proposed price increase for Standard Mail Flats is not unlawful. The Commission is currently evaluating cost and service issues for flat-shaped products in Docket No. ACR2015, with an additional report due from the Postal Service on a plan to track, measure, and report cost and service performance issues for each pinch point identified in Chapter 6 of the FY 2015 ACD.³⁷ All else remaining equal, the proposed price increase is likely to

³⁷ See Docket No. ACR2015, Commission Information Request No. 1, September 27, 2015.

increase the cost coverage for Standard Mail Flats. Moreover, the information provided by the Postal Service regarding the planned price increase schedule is consistent with past plans provided by the Postal Service and complies with the Commission's FY 2010 ACD directive. Regarding Standard Mail Parcels, the proposed price increase is permissible and consistent with previously announced plans to move that product toward full cost coverage.

C. Workshare Discounts

The Commission is required to ensure that workshare "discounts do not exceed the cost that the Postal Service avoids as a result of workshare activity" unless the discount falls within a specified exception. 39 U.S.C. § 3622(e)(2).

Commission rules require the Postal Service to justify any proposed workshare discount that exceeds 100 percent of the avoidable costs by explaining how it meets one or more exceptions under the PAEA. 39 C.F.R. § 3010.12(b)(6). The Postal Service shall also identify and explain discounts that are set substantially below avoided costs, and explain any relationship between discounts that are above and those that are below avoided costs. *Id.*

There are several planned discounts within the Standard Mail class that have passthroughs exceeding 100 percent.³⁸ These discounts are listed in Table IV-2 below.

³⁸ The Postal Service states that there are 17 passthroughs that exceed 100 percent. Notice at 45. However, the Postal Service identifies 18 in its supporting materials. See Notice, Attachment B at 9-16.

Table IV-2
Standard Mail Passthroughs Exceeding 100 Percent

	Discount (Commercial and Nonprofit)	Passthrough %
1	Automation AADC Letters	113.3
2	Non-automation AADC Machinable Letters	106.3
3	Non-automation 3-Digit Non-machinable Letters	108.7
4	Non-automation 5-Digit Non-machinable Letters	120.8
5	Automation Mixed AADC Letters	325.0
6	DNDC Letters	162.5
7	DSCF Letters	170.0
8	Automation Mixed ADC Flats	253.3
9	NDC Irregular Parcels	130.2
10	NDC Marketing Parcels	115.2
11	SCF Marketing Parcels	105.4
12	Mixed NDC Machinable Barcoded Parcels	163.2
13	Mixed NDC Irregular Barcoded Parcels	163.2
14	Mixed NDC Marketing Barcoded Parcels	163.2
15	DNDC Carrier Route Letters	187.5
16	DSCF Carrier Route Letters	190.0
17	DNDC High Density and Saturation Letters	150.0
18	DSCF High Density and Saturation Letters	155.0
Source: Library Reference PRC-LR-R2017-1/2, Excel file "PRC-WORKSHARE-STD17.xlsx."		

The Postal Service's stated statutory justifications for these proposed passthroughs are discussed below.

Automation AADC Letters, Non-automation AADC Machinable Letters, Non-automation 3-Digit Non-machinable Letters, and Non-automation 5-Digit Non-machinable Letters. The Postal Service justifies the passthroughs for these presort discounts pursuant to 39 U.S.C. § 3622(e)(2)(B) (rate shock). Notice at 46-47. The

Postal Service explains that aligning these discounts with avoided costs would result in significant price increases. *Id.* at 47. It states that it will be mindful to reduce these passthroughs in subsequent market dominant price adjustments. *Id.*

DNDC Letters and DSCF Letters. The Postal Service justifies the passthroughs for these dropship discounts pursuant to 39 U.S.C. § 3622(e)(2)(B) (rate shock). Notice at 46-47. The Postal Service explains that aligning these discounts with avoided costs would result in significant price increases. *Id.* at 47. It states that it will be mindful to reduce these passthroughs in subsequent market dominant price adjustments. *Id.* These passthroughs exceeded 100 percent in the FY 2015 ACD, and the Commission directed the Postal Service to either align these discounts with avoided costs or to file a plan for reducing the passthroughs to 100 percent. See FY 2015 ACD at 27. The Postal Service did not align the discounts with avoided cost and states that its plan is to decrease them by at least 10 percentage points in each future price adjustment. Notice at 46-47.

Automation Mixed AADC Letters. The Postal Service justifies the passthrough for this barcode discount pursuant to 39 U.S.C. § 3622(e)(2)(D) (operational efficiency). Notice at 47-48. The Postal Service states that due to the volatility of the cost avoidance numbers (which were negative until FY 2013), and the Postal Service's desire to continue encouraging mailers to pre-barcode commercial letters, it will gradually move this passthrough toward 100 percent in future price adjustments. *Id.* at 47.

Automation Mixed area distribution center (ADC) Flats. The Postal Service justifies the passthrough for this barcode discount pursuant to 39 U.S.C. § 3622(e)(2)(D) (operational efficiency). *Id.* at 48. The Postal Service explains that the value of encouraging pre-barcoding of flats justifies this passthrough, but it will be mindful to reduce this passthrough in future price adjustments. *Id.*

Network distribution center (NDC) Irregular Parcels, NDC Marketing Parcels, sectional center facility (SCF) Marketing Parcels. The Postal Service justifies the passthroughs for these discounts pursuant to 39 U.S.C. § 3622(e)(2)(B) (rate shock). *Id.* at 48-49. The Postal Service explains that lowering the passthroughs to 100 percent for these five discounts would result in significant price increases. *Id.*

Mixed NDC Machinable Barcoded Parcels, Mixed NDC Irregular Barcoded Parcels, and Mixed NDC Marketing Barcoded Parcels. The Postal Service justifies the passthroughs for these barcode discounts pursuant to 39 U.S.C. § 3622(e)(2)(D) (operational efficiency). November 8 Errata to Notice at 49-50. The Postal Service explains that the value of encouraging pre-barcoding of Parcels justifies this passthrough. *Id.* In response to the Commission's directive in the FY 2015 ACD for the Postal Service to file a plan for reducing the passthroughs to 100 percent, the Postal Service states that its plan is to decrease them by at least 10 percentage points in each future price adjustment. *Id.* at 50; see FY 2015 ACD at 33.

DNDC Carrier Route Letters, DSCF Carrier Route Letters, DNDC High Density and Saturation Letters, and DSCF High Density and Saturation Letters. The Postal Service justifies the passthroughs for these dropship discounts pursuant to 39 U.S.C. § 3622(e)(2)(B) (rate shock). Notice at 50-51. The Postal Service asserts that lowering the passthroughs to 100 percent would result in price increases that would constitute rate shock. *Id.*

Comments. Valpak, PostCom, the Joint Commenters, and the Public Representative filed comments regarding the proposed Standard Mail workshare discounts.

Valpak states that the Standard Mail destination entry discounts are fully justified. Valpak Comments at 36. Valpak asserts that a reduction in destination entry discounts may lead mailers to "forgo drop ship entry deep into the postal network," which could result in a deterioration in service performance for all Standard Mail. *Id.* at 37-38.

PostCom states that the Commission should be mindful of unintended consequences that could result in additional costs and inefficiencies when evaluating workshare discounts. PostCom Comments at 2. For example, PostCom explains that a decrease in the price difference between origin-entered and DSCF-entered mail may cause more mail to be shifted to origin entry, which could involve additional costs and an impact on service. *Id.*

The Joint Commenters comment that they recognize the PAEA's directive to bring cost avoidances to 100 percent in calculating discounts. Joint Comments at 3. However, the Joint Commenters explain that incremental adjustments to the drop ship entry discounts is "a sensible and prudent approach that should give the industry time to absorb the change." *Id.* at 4. They state that the adjustments should continue to be moderate in order to reconcile reaching the goal of 100 percent with the real world impact on the mailing community. *Id.*

ACMA comments that the proposal to increase the discount for the use of 5-Digit pallets in Carrier Route will align with costs and will encourage efficient operations. ACMA Comments at 4.

The Public Representative comments that of the discounts that exceed avoided costs, two passthroughs did not improve: (1) Automation Mixed AADC Letters; and (2) Non-automation AADC Machinable Letters. PR Comments at 5. She notes that the Postal Service complied with the Commission's directives to reduce the excessive discounts for Non-automation 5-Digit Non-Machinable Letters and NDC Irregular Parcels. *Id.* She states that the proposed workshare discounts that moved toward 100 percent passthroughs better align with efficient component pricing. PR Comments at 5. She also explains that the Postal Service's plan regarding five workshare discounts (DNDC dropship, DSCF dropship, Nonprofit Mixed NDC Machinable Barcoded Parcels, Nonprofit Mixed NDC Irregular Barcoded Parcels, and Mixed NDC Barcoded Marketing Parcels) appears to comply with the Commission's ACD directive. *Id.* at 6. She notes,

however, that it is difficult to ascertain how likely it is that this plan would be implemented given the contingencies the Postal Service includes in its plan. *Id.*

Commission analysis. The Commission approves all proposed workshare discounts as consistent with 39 U.S.C. § 3622(e) or adequately justified pursuant to an exception identified in 39 U.S.C. § 3622(e)(2). The Commission recommends that the Postal Service reduce passthroughs that are greater than 100 percent in its next general market dominant price adjustment. Further discussion of certain passthroughs is below.

Automation AADC Letters, Non-automation AADC Machinable Letters, Non-automation 3-Digit Non-machinable Letters, and Non-automation 5-Digit Non-machinable Letters. The Postal Service explains that if it were to align all Letter passthroughs with avoided costs (including Automation AADC Letters, Non-automation AADC Machinable Letters, Non-automation 3-Digit Non-machinable Letters, and Non-automation 5-Digit Non-machinable Letters) the overall price change for the Letters product would be 7.6 percent. Notice at 47. The Postal Service further states that it will be mindful to reduce these passthroughs in subsequent market dominant price adjustments, contingent on “price cap availability, operational efficiencies, and changes in cost avoidance.” *Id.* The explanation provided by the Postal Service ignores the ability of the Postal Service to reduce prices for some Letter price categories (*i.e.*, benchmark prices) to align discounts with avoided costs. Given the limited annual limitation available for Standard Mail in this docket, and the numerous substantive mail classification changes proposed for Standard Mail (see section D below), the Commission is accepting the Postal Service’s justification.

However, if these discounts are not aligned with avoided costs in the next market dominant price adjustment, the Postal Service must provide an analysis that demonstrates whether it was possible to adjust prices, including benchmark prices, to bring these discounts into compliance with 39 U.S.C. § 3622(e) and remain under the

annual limitation. In addition, in future proceedings, the Postal Service must provide a better explanation of its use of the rate shock exemption, particularly in cases where a price increase required to equalize the discount with avoided costs is minimal.

DNDC Letters, DSCF Letters, Mixed NDC Machinable Barcoded Parcels, Mixed NDC Irregular Barcoded Parcels, and Mixed NDC Marketing Barcoded Parcels. In Docket No. ACR2015, the Commission directed the Postal Service to align these discounts with avoided costs or to file a plan to align these discounts with avoided costs. FY 2015 ACD at 27, 33. The Postal Service states that its plan is to decrease these passthroughs by at least 10 percentage points in each subsequent market dominant price adjustment. The Commission finds that this plan is sufficient and complies with the ACD directive. However, the Commission shares the Public Representative's concerns regarding the uncertainty of the contingencies identified by the Postal Service in working to reduce these passthroughs. If the Postal Service relies on a contingency to deviate from its plan in future price adjustments, the Postal Service must provide a detailed analysis and explanation to support that deviation.

D. Classification Changes

The Postal Service proposes six substantive mail classification changes for Standard Mail products: (1) rename "Standard Mail" as "USPS Marketing Mail;" (2) combine 3-Digit and AADC workshare categories for Standard Mail Automation Letters; (3) increase the maximum weight for Standard Mail Machinable Letters from 3.3 ounces to 3.5 ounces; (4) increase the weight breakpoint at which pound prices apply for Standard Mail flats from 3.3 ounces to 4.0 ounces; (5) eliminate certain price cells for flat-shaped pieces prepared for and entered at FSS locations; and (6) reduce the number of price tiers for Saturation and Carrier Route Parcels (Simple Samples). Notice at 57. There are no other significant changes to the MCS with respect to Standard Mail products.

1. Rename “Standard Mail” as “USPS Marketing Mail”

The Postal Service proposes to change the name of “Standard Mail” to “USPS Marketing Mail.” Notice at 26, 57. The Postal Service states that the name change will aid its customers in understanding what Standard Mail is and how it can be used as part of their respective strategies. *Id.* at 26.

Comments. PostCom states that it does not support the Postal Service’s proposal to change the name of “Standard Mail” to “USPS Marketing Mail.” PostCom Comments at 3. PostCom comments that the proposal will require changes to indicia, a cost that mailers must bear. *Id.* at 3-4. In addition, PostCom states that the “Marketing Mail” indicia may cause recipients to view those mailpieces as “junk mail.” *Id.* at 4. The Public Representative, however, notes that the name change does not appear to have price cap implications and does not significantly change a basic characteristic of the mailing. PR Comments at 2.

Commission analysis. PostCom expresses concern about the proposed product name change to “USPS Marketing Mail.” The name change does not have any price cap implications and is within the scope of the Postal Service’s operational flexibility. As a result, the Commission finds that this change conforms with applicable statutory and regulatory requirements. The Commission encourages the Postal Service to work with the mailing community to address concerns regarding the proposal.

2. Combine AADC and 3-Digit Price Categories

The Postal Service seeks approval to combine 3-Digit and AADC workshare categories for Standard Mail Automation Letters. Notice at 57. No commenter addresses this classification change. The Commission finds that this change conforms with applicable statutory and regulatory requirements.

3. Increase Weight for Standard Mail Machinable Letters from 3.3 ounces to 3.5 ounces

The Postal Service proposes to increase the maximum weight for Standard Mail Machinable Letters from 3.3 ounces to 3.5 ounces. Notice at 57. No commenter addresses this classification change. The Commission finds that this change conforms with applicable statutory and regulatory requirements.

4. Increase the Weight Breakpoint for Standard Mail flats from 3.3 ounces to 4.0 ounces

The Postal Service proposes to increase the weight breakpoint at which pound prices apply for Standard Mail flats from 3.3 ounces to 4.0 ounces.³⁹ Notice at 25, 57. The Postal Service states that the purpose of this change is to add value to the mail by allowing senders of Automation, Non-automation, and Carrier Route flats to improve the quality of their mailpieces without incurring additional pound charges. *Id.* at 25.

Comments. PostCom supports the Postal Service's decision to increase the maximum weight of Standard Mail flats that pay only piece prices to 4.0 ounces. PostCom Comments at 1. ACMA comments that this proposal will have a negligible effect on Postal Service costs but will increase simplicity and add value to the mail. ACMA Comments at 4. ACMA states that it expects that mailers will increase paper weight and add profitable content as a result. *Id.* Valpak asserts that, as a result of this change, the Postal Service will forgo revenue from pound-based prices and that this reduces some prices for Flats mail, which is a non-compensatory product. Valpak Comments at 6, 9.

Commission analysis. The Commission finds that the increase in the breakpoint from Standard Mail flats from 3.3 ounces to 4.0 ounces will result in some mailers

³⁹ The Postal Service also proposes to make conforming changes to weight breakpoints for Standard Mail Letters.

paying lower rates than they would if the breakpoint remained at 3.3 ounces. However, Standard Mail does not exceed its annual limitation, including available unused price adjustment authority. In addition, the Standard Mail Flats product still receives an overall price increase as demonstrated in Library Reference PRC-LR-R2017-1/2. The Commission finds that this change conforms with applicable statutory and regulatory requirements.

5. Elimination of FSS Price Categories

The Postal Service proposes to remove FSS specific price categories and revise the price structure for FSS pieces. Notice at 11-13, 57. These proposed changes are discussed in section II.B. of this Order.

6. Reduction in Price Tiers for Simple Samples

The Postal Service plans to reduce the number of price tiers for Simple Samples within Standard Mail.⁴⁰ *Id.* at 57. No commenter addresses this classification change. The Commission finds that this change conforms with applicable statutory and regulatory requirements.

E. Statutory Preferential Rates

Nonprofit rates are required to yield per-piece revenues that equal, as nearly as practicable, 60 percent of commercial per-piece revenues. 39 U.S.C § 3626(a)(6)(A).

Comments. The Public Representative states that the Postal Service's representations with respect to statutorily preferred rates appear reasonable. See PR Comments at 6.

⁴⁰ There are no volumes for these cells and thus, no billing determinant adjustment is necessary.

Commission analysis. For the planned prices in this proceeding, the percentage ratio of the nonprofit average revenue per-piece to the commercial average revenue per-piece is 60.0 percent. The Commission finds that the revenue per-piece percentage ratio proposed by the Postal Service fulfills the requirement of 39 U.S.C § 3626(a)(6)(A).

F. Nonprofit Discounts

The Postal Service is required by 39 U.S.C. § 3622(e)(2) and *National Easter Seal Society vs. USPS*, 656 F.2d 754 (D.C. Cir. 1981) (*National Easter Seal Society*) to either equalize or adequately justify all unequal nonprofit and commercial discounts. No commenter challenges the Postal Service's compliance with this requirement. The Commission finds that the Postal Service's planned nonprofit discounts conform with the requirements set forth by 39 U.S.C. § 3622(e)(2) and *National Easter Seal Society*.⁴¹

V. PERIODICALS

A. Introduction

This section discusses the proposed Periodicals price adjustments, the workshare relationships between Periodicals discounts and associated avoided costs, and the proposed mail classification changes.⁴² It also discusses statutory preferential rates.

⁴¹ The Commission did identify nonprofit discounts that did not align with their respective commercial discounts. See CHIR No. 2, question 2. In response to that information request, the Postal Service filed revised workpapers that demonstrate that all nonprofit discounts are aligned with commercial discounts. October 25 Response to CHIR No. 2, question 2.

⁴² Proposed changes to the price structure for FSS mail are discussed in section II.B. of this Order.

B. Price Adjustments

The Periodicals class consists of two products: (1) Within County;⁴³ and (2) Outside County. The planned price increase for Periodicals is, on average, 0.832 percent, which generates 0.038 percent in new unused price adjustment authority.⁴⁴ Table V-1 shows the percent price change for each Periodicals product as calculated by the Commission.

Table V-1
Periodicals Price Changes (By Product)

Periodicals Product	Price Change %
Outside County	0.826
Within County	0.965
Overall	0.832
Source: Library Reference PRC-LR-R2017-1/3, November 15, 2016, Excel file "PRC-CAPCALC-PER-R2017-1.xlsx."	

Comments. No commenter addresses the planned price changes for Periodicals.

Commission analysis. The Commission finds the Postal Service's planned price adjustments for Periodicals comply with the price cap limitations specified in 39 U.S.C. § 3622(d). The Postal Service's planned price adjustment of 0.832 percent is less than the current rate adjustment authority of 0.871 percent. As the Postal Service had no

⁴³ This product is named In-County Periodicals in the MCS. PRC, (draft) Mail Classification Schedule posted January 15, 2016 (with revisions through October 31, 2016), available at <http://www.prc.gov/mail-classification-schedule>, 1300.2 Products Included in Class, at 86.

⁴⁴ In Library Reference PRC-LR-R2017-1/3, Excel file "PRC-CAPCALC-PER-R2017-1.xlsx," the Commission adjusts the unused price adjustment authority as described in section II.A. of this Order.

unused price adjustment authority prior to this proceeding, the unused price adjustment authority for Periodicals is 0.038 percent.⁴⁵ See Library Reference PRC-LR-R2017-1/3.

C. Workshare Discounts

The Commission is required to ensure that workshare “discounts do not exceed the cost that the Postal Service avoids as a result of workshare activity” unless the discount falls within a specified exception. 39 U.S.C. § 3622(e)(2).

Commission rules require the Postal Service to justify any proposed workshare discount that exceeds 100 percent of the avoidable costs by explaining how it meets one or more exceptions under the PAEA. 39 C.F.R. § 3010.12(b)(6). The Postal Service must also identify and explain discounts that are set substantially below avoided costs, and explain any relationship between discounts that are above and those that are below avoided costs. *Id.*

There are several planned discounts within the Periodicals class that have passthroughs exceeding 100 percent. See Library Reference PRC-LR-R2017-1/3, Excel file “PRC-WORKSHARE-PER17.xlsx.” These discounts are listed in Table V-2 below.

⁴⁵ See *supra* section II.A., Table II-2.

Table V-2
Periodicals Passthroughs Exceeding 100 Percent

	Discount	Passthrough %
Outside County		
1	Machinable Non-barcoded 5-Digit Flats	119.3
2	Saturation	328.6
3	Machinable Barcoded 5-Digit Flats	103.8
4	Non-machinable Non-barcoded 3-Digit/SCF Flats	265.0
5	Non-machinable Non-barcoded 5-Digit Flats	181.0
6	Non-machinable Barcoded ADC Flats	105.1
7	Non-machinable Barcoded 3-Digit/SCF Flats	231.6
8	Non-machinable Barcoded 5-Digit Flats	168.3
9	ADC Barcoded Letter	246.7
10	3-Digit Barcoded Letter	400.0
11	5-Digit Barcoded Letter	272.0
Within County		
12	Saturation	200.0
Source: Library Reference PRC-LR-R2017-1/3, Excel file "PRC-WORKSHARE-PER17.xlsx."		

The Postal Service's states that all Periodicals passthroughs over 100 percent are justified under section 3622(e)(2)(C), the exception which permits discounts greater than avoided costs in connection with mail matter of educational, cultural, scientific or informational value.⁴⁶ The Postal Service notes that the proposed prices narrow the gap between the Machinable Automation 5-Digit Flats passthrough and the Basic Carrier Route passthrough, acknowledging that the Commission raised a concern about

⁴⁶ Notice at 52; October 28 Response to CHIR No. 5, question 1.

the difference between the passthroughs in the FY 2015 ACD. Notice at 52; *see also* October 24 Response to CHIR No. 3, question 3. The Postal Service states it is “taking the next step in its plan to align bundle and pallet prices with their estimated bottom up costs.” October 24 Response to CHIR No. 3, question 3. The Postal Service notes that its limited price adjustment authority frustrated its ability to fully align Periodicals prices with their estimated bottom up costs. *Id.*

Comments. The Public Representative states that the Periodicals passthroughs over 100 percent proposed by the Postal Service are compliant with section 3622(e)(2)(C), the exception which permits discounts provided in connection with mail matter of educational, cultural, scientific or informational value. See PR Comments at 4-5.

Commission analysis. The Commission approves all proposed Periodicals workshare discounts as consistent with 39 U.S.C. § 3622(e) or adequately justified pursuant to an exception identified in 39 U.S.C. § 3622(e)(2). As discussed below, the Commission also notes the Postal Service’s limited improvement with respect to reducing Periodicals passthroughs that are greater than 100 percent in this docket.

In the FY 2015 ACD, the Commission noted that “[g]iven that the Periodicals class does not cover costs, sending efficient price signals is particularly important.” FY 2015 ACD at 17. The Commission stated that “the Postal Service should, in all cases, consider whether [passthroughs that are less than 100 percent] send efficient pricing signals to mailers.” *Id.* The Commission further stated that “[c]ontinued moderate improvement of the relationship between discounts and avoided costs should signal to the mailer the mail preparation method that is most efficient for both the Postal Service and the mailer.” *Id.* at 18.

In the FY 2015 ACD, the Commission directed the Postal Service to file a report addressing four issues regarding Periodicals pricing efficiency (120-day Report). *Id.* at 24. As relevant to the instant docket, the Postal Service was directed to “discuss[]

whether the 5-Digit, Carrier Route, and FSS workshare discounts are the proper economic incentives and send efficient pricing signals to mailers.” *Id.* In the 120-day Report, the Postal Service stated it intended to change pricing for 5-Digit Automation and Carrier Route to “encourage more Carrier Route preparation and the movement of Carrier Route to finer presorted pallets.”⁴⁷

In the instant docket, the Postal Service states that its proposed prices narrow the gap between the Machinable Automation 5-Digit Flats passthrough and the Basic Carrier Route passthrough. Notice at 52. The Postal Service also states it is continuing to improve pricing efficiency for Periodicals in this docket by aligning bundle and pallet prices with their estimated bottom up costs. October 24 Response to CHIR No. 3, question 3. The Commission recognizes this is a limited improvement and expects the Postal Service to continue its progress in future price adjustments. The Commission recommends that the Postal Service reduce passthroughs that are greater than 100 percent in its next general market dominant price adjustment.

D. Classification Changes

The Postal Service proposes one substantive mail classification change for Periodicals products. For Periodicals Outside County, the Postal Service proposes to remove FSS specific price categories and revise the price structure for FSS pieces. Notice at 11-13, 57. These proposed changes are discussed in section II.B. of this Order.

⁴⁷ Docket No. ACR2015, Third Response of the United States Postal Service to Commission Requests for Additional Information in the FY 2015 Annual Compliance Determination, July 26, 2016, at 6.

E. Statutory Preferential Rates

The Periodicals class is accorded several statutory pricing preferences. See 39 U.S.C. § 3626. In this docket, the Postal Service states that it implements these requirements in the same manner as it did in Docket No. R2015-4, and notes that the Commission approved the Docket No. R2015-4 approach.⁴⁸ Notice at 39.

Within County. 39 U.S.C. § 3626(a)(3) requires that the prices for Within County Periodicals reflect this product's preferred status relative to the prices for regular rate (Outside County) Periodicals. The Postal Service asserts that the price adjustment in this case "continues to recognize the preferential status of Within County Periodicals by setting prices below those of regular Outside County Periodicals." Notice at 40.

Outside County—Nonprofit and Classroom. 39 U.S.C. § 3626(a)(4)(A) requires that Nonprofit and Classroom Periodicals receive, as nearly as practicable, a 5 percent discount from regular rate postage, except for advertising pounds. The Postal Service asserts that, consistent with past practice, it continues this rate preference by giving Nonprofit and Classroom pieces a 5 percent discount on all components of postage, except for advertising pounds and ride-along postage. *Id.*

Outside County—Science of Agriculture Periodicals. 39 U.S.C. § 3626(a)(5) requires that Science of Agriculture Periodicals be given preferential treatment for advertising pounds. The Postal Service states that it will continue to provide these publications with advertising pound prices for destination delivery unit (DDU), DSCF, destination area distribution center (DADC), and Zones 1 & 2 that are 75 percent of the advertising pound prices applicable to regular Outside County Periodicals. *Id.* at 40.

⁴⁸ See Docket No. R2015-4, Order No. 2472, Order on Revised Price Adjustments for Standard Mail, Periodicals, and Package Services Products and Related Mail Classification Changes, May 7, 2015, at 55-57.

Limited circulation discount. 39 U.S.C. § 3626(g)(4) provides preferential treatment for Outside County pieces of a Periodicals publication with fewer than 5,000 Outside County pieces and at least one Within County piece. The Postal Service observes that a limited circulation discount was implemented in 2008 to provide these pieces with a discount equivalent to the Nonprofit and Classroom discount, a discount that is retained in this docket. *Id.* at 41.

Comments. The Public Representative states that the Postal Service's representations with respect to statutorily preferred rates appear reasonable. See PR Comments at 6.

Commission analysis. The planned prices are consistent with statutory preferences for mail in the Periodicals class. Specifically:

- *Within County.* The average per-piece revenue for Within County is approximately 41 percent of the average per-piece revenue for Outside County Flats pieces. This satisfies 39 U.S.C. § 3626(a)(3).
- *Outside County—Nonprofit and Classroom.* Nonprofit and Classroom publications receive a 5 percent discount from regular Outside County piece, bundle, sack, and pallet prices, and editorial pound prices, consistent with 39 U.S.C. § 3626(a)(4)(A).
- *Outside County—Science of Agriculture Periodicals.* Science of Agriculture advertising pound rates are 25 percent less than regular Periodicals, and consistent with 39 U.S.C. § 3626(a)(5).
- *Limited circulation discount.* The planned limited circulation discount for qualifying Outside County pieces is 5 percent, consistent with 39 U.S.C. § 3626(g)(4).

VI. PACKAGE SERVICES

A. Introduction

This Section discusses the proposed Package Services price adjustments, the workshare relationships between Package Services discounts and associated avoided costs, and the proposed mail classification changes.⁴⁹ It also discusses statutory preferential rates.

B. Price Adjustments

The Package Services class consists of four products: (1) Alaska Bypass Service; (2) BPM Flats; (3) Bound Printed Matter Parcels (BPM Parcels); and (4) Media Mail/Library Mail. The planned price increase for Package Services is, on average, 0.973 percent, which generates 0.076 percent in new unused price adjustment authority.⁵⁰ Table VI-1 shows the percent price change for each Package Services product as calculated by the Commission.

⁴⁹ Proposed changes to the price structure for FSS mail are discussed in section II.B. of this Order.

⁵⁰ The 0.973 percent increase for Package Services differs from what the Postal Service calculated in the Notice. In Library Reference PRC-LR-R2017-1/4, Excel file "PRC-CAPCALC-PKGS-R2017-1.xlsx," the Commission uses a revised methodology for distribution of FSS volumes of BPM Flats, resulting in the change in price increase for BPM Flats and for Package Services overall. These changes are described in more detail in Excel file "PRC-CAPCALC-PKGS-R2017-1.xlsx," Tab "Hybrid Year & FSS Distribution." See also section II.B. of this Order. Adjustments were also made to the unused price adjustment authority as described in section II.A. of this Order.

Table VI-1
Package Services Price Changes (By Product)

Package Services Product	Price Change %
Alaska Bypass Service	1.100
BPM Flats	0.703
BPM Parcels	1.005
Media Mail/Library Mail	1.135
Overall	0.973
Source: Library Reference PRC-LR-R2017-1/4, Excel file "PRC-CAPCALC-PKGS-R2017-1.xlsx."	

Comments. No commenter addresses the planned price changes for Package Services.

Commission analysis. The Commission finds the Postal Service's planned price adjustments for Package Services comply with the price cap limitations specified in 39 U.S.C. § 3622(d). The Postal Service's planned price adjustment of 0.973 percent is less than the current rate adjustment authority of 1.050 percent. As a result, the unused pricing authority for Package Services is 0.076 percent.⁵¹ See Library Reference PRC-LR-R2017-1/4.

C. Workshare Discounts

The Commission is required to ensure that workshare "discounts do not exceed the cost that the Postal Service avoids as a result of workshare activity" unless the discount falls within a specified exception. 39 U.S.C. § 3622(e)(2).

⁵¹ See *supra* section II.A., Table II-2.

Commission rules require the Postal Service to justify any proposed workshare discount that exceeds 100 percent of the avoidable costs by explaining how it meets one or more exceptions under the PAEA. 39 C.F.R. § 3010.12(b)(6). The Postal Service must also identify and explain discounts that are set substantially below avoided costs, and explain any relationship between discounts that are above and those that are below avoided costs. *Id.*

There are several planned discounts within the Package Services class that have passthroughs exceeding 100 percent. See Library Reference PRC-LR-R2017-1/4, Excel file “PRC-WORKSHARE-PKGS17.xlsx”. These discounts are listed in Table VI-2 below.

Table VI-2
Package Services Passthroughs Exceeding 100 Percent

	Discount	Passthrough %
1	BPM Flats Basic Carrier Route DNDC	108.7
2	BPM Flats Basic Carrier Route DSCF	107.5
3	BPM Flats Basic Carrier Route DDU	107.4
4	BPM Parcels Basic Carrier Route DNDC	107.7
5	BPM Parcels Basic Carrier Route DSCF	112.0
6	BPM Parcels Basic Carrier Route DDU	112.5
Source: Library Reference PRC-LR-R2017-1/4, Excel file “PRC-WORKSHARE-PKGS17.xlsx.”		

The Postal Service’s stated statutory justifications for these proposed passthroughs are discussed below.

BPM Flats. The Postal Service justifies the passthroughs for the BPM Flats discounts pursuant to 3622(e)(2)(B) (rate shock). Notice at 53-54. The Postal Service

explains that aligning these discounts with avoided costs would result in significant price increases surpassing the average increase for the Package Services class. *Id.*

BPM Parcels. The Postal Service justifies the passthroughs for the BPM Parcels discounts pursuant to 3622(e)(2)(B) (rate shock). *Id.* at 54-56. The Postal Service explains that aligning these discounts with avoided costs would result in significant price increases surpassing the average increase for the Package Services class. *Id.*

Comments. No commenter addresses the planned workshare discounts for Package Services.

Commission analysis. The Commission approves all proposed workshare discounts as consistent with 39 U.S.C. § 3622(e) or adequately justified pursuant to an exception identified in 39 U.S.C. § 3622(e)(2).

In Docket No. ACR2015, the Postal Service stated that it intended to align many of the Package Services discounts with their avoided costs in its next market dominant price adjustment. See FY 2015 ACD at 40. However, in this docket, the Postal Service explains that for the discounts exceeding 100 percent of avoided costs, aligning those discounts would amount to significant price increases. Notice at 52-56. In Table VI-3, below, the Commission sets forth the percent price change for each of the discounts as proposed, and as if aligned with avoided cost.

Table VI-3
Price Change for Package Services Workshare Discounts

	Discount	Carrier Route		Basic	
		Price Change as Proposed (%)	Price Change if Aligned w/ Avoided Cost (%)	Price Change as Proposed (%)	Price Change if Aligned w/ Avoided Cost (%)
1	BPM Flats DNDC	3.7	4.6	6.1	6.9
2	BPM Flats DSCF	3.5	11.6	7.0	13.7
3	BPM Flats DDU	0.6	15.0	2.9	13.5
4	BPM Parcels DNDC	-1.1	-0.5	1.2	1.7
5	BPM Parcels DSCF	-1.9	6.5	0.3	7.7
6	BPM Parcels DDU	-4.6	9.3	1.4	13.5

Source: Library Reference PRC-LR-R2017-1/4, Excel file "PRC-WORKSHARE-PKGS17.xlsx."

With the exception of BPM Parcels DNDC Carrier Route, all discounts would experience higher than average price increases if aligned with avoided costs. The Postal Service justifies all of these discounts with the rate shock exception. As Table VI-3 shows, the Postal Service justifies a wide range of price changes with this exception. Because the passthrough for each of these workshare discounts moves closer to 100 percent as a result of the Postal Service's proposed prices, the Commission accepts the Postal Service's justification.

However, if these discounts are not aligned with avoided costs in the next market dominant price adjustment, the Postal Service must provide an analysis that demonstrates whether it was possible to adjust prices, including benchmark prices, to bring these discounts into compliance with 39 U.S.C. § 3622(e) and remain under the annual limitation. In addition, in future proceedings, the Postal Service must provide a

better explanation of its use of the rate shock exemption, particularly in cases where a price increase required to equalize the discount with avoided costs is minimal.

D. Classification Changes

The Postal Service proposes one substantive mail classification change for Package Services products. For BPM Flats, the Postal Service proposes to remove FSS specific price categories and revise the price structure for FSS pieces. Notice at 11-13, 57. These proposed changes are discussed in section II.B. of this Order.

E. Statutory Preferential Rates

The Postal Service is required to set prices for Library Mail at 95 percent of Media Mail Prices. 39 U.S.C. § 3625(a)(7). The Postal Service explains that it satisfies this requirement by setting each Library Mail price element equal to 95 percent of its corresponding Media Mail price element. Notice at 41.

Comments. The Public Representative states that the Postal Service's representations with respect to statutorily preferred rates appear reasonable. See PR Comments at 6.

Commission analysis. The Commission finds that the prices for Media Mail and Library Mail comply with 39 U.S.C. § 3626(a)(7) because Library Mail prices are set at 95 percent of corresponding Media Mail prices.

VII. ORDERING PARAGRAPHS

It is ordered:

1. The Commission finds that the Postal Service's planned price adjustments relating to First-Class Mail as identified in the United States Postal Service Notice

- of Market Dominant Price Adjustment, filed October 12, 2016, are consistent with 39 U.S.C. §§ 3622(d) and 3622(e), and may take effect as planned.
2. The Commission finds that the Postal Service's planned price adjustments relating to Standard Mail as identified in the United States Postal Service's Notice of Market Dominant Price Adjustment, filed October 12, 2016, and revised on October 28, 2016 and November 8, 2016, are consistent with 39 U.S.C. §§ 3622(d) and 3622(e), and may take effect as planned.
 3. The Commission finds that the Postal Service's planned price adjustments relating to Periodicals as identified in the United States Postal Service Notice of Market Dominant Price Adjustment, filed October 12, 2016, are consistent with 39 U.S.C. §§ 3622(d) and 3622(e), and may take effect as planned.
 4. The Commission finds that the Postal Service's planned price adjustments relating to Package Services as identified in the United States Postal Service Notice of Market Dominant Price Adjustment, filed October 12, 2016, are consistent with 39 U.S.C. §§ 3622(d) and 3622(e), and may take effect as planned.
 5. Revisions to the Mail Classification Schedule appear below the signature of this Order and are effective January 22, 2017.

Stacy L. Ruble
Secretary

CHANGE IN PRODUCT LIST

The following material represents changes to the product list codified in Appendix A to 39 C.F.R. part 3020, subpart A—Market Dominant Product List. These changes reflect the Commission’s order in Docket No. R2017-1. The Commission uses two main conventions when making changes to the product list. New text is underlined. Deleted text is struck through.

Appendix A to Subpart A of Part 3020—Market Dominant Product List

~~Standard Mail~~USPS Marketing Mail (Commercial and Nonprofit)*

CHANGES TO THE MAIL CLASSIFICATION SCHEDULE

The following material represents a change to the Mail Classification Schedule. The Commission uses two main conventions when making changes to the Mail Classification Schedule. New text is underlined. Deleted text is struck through.

TRADEMARK NOTICE

The following trademarks used in this document are among the many trademarks owned by the United States Postal Service®. The trademark symbols (® and ™) have not been individually noted throughout this document. References to or excerpts from this document may use this approach as well.

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Confirm®
Courtesy Reply Mail™
 Customized MarketMail®
Delivery Confirmation™
 DMM®
 DPV®
DSF™
EDDM®
Electronic Postmark®
eLOT®
EMS®
ePacket®
EPM®
Every Door Direct Mail®
eVS®
FCPIS®
 First-Class Mail International®
 First-Class Mail®
First-Class Package International Service®
First-Class Package Service®
 Forever®
GeM™
 Global Bulk Economy®
 Global Direct®
 Global Express Guaranteed®
 GXG®
IMb®
 IMM®
IMpb®

Intelligent Mail®
International Business Reply™
International Merchandise Return Service (IMRS)®
 International Priority Airmail™®
 International Surface Air Lift®
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 Parcel Post®
 Parcel Select®
Parcel Select Lightweight®
Parcel Select Ground™
PAVE™
 PC Postage®
 PFS®
 Pickup On Demand®
PMOD™
 Post Office™
~~Postal One!~~ PostalOne!®
 Postal Service™
 The Postal Store®
 Premium Forwarding Service®
Premium Forwarding Service Commercial®
 Priority Mail Flat Rate™®
 Priority Mail International®
Priority Mail Open and Distribute®
 Priority Mail Regional Rate™®
 Priority Mail®
 Registered Mail™
 Priority Mail Express Flat Rate™
 Priority Mail Express International™
 Priority Mail Express Same Day™
 Priority Mail Express™
QBRM™

IMRS[®]
RDI[™]
Real Mail Notification[®]
Registered Mail[™]
Share Mail[™]
Signature Confirmation[™]
Standard Mail[®]
The Postal Service^{®™}
U.S. Postal Service[®]
United States Post Office[®]
USPS[®]
USPSCA[®]

Qualified Business Reply Mail[™]
USPS.com[®]
USPS Delivery Confirmation[®]
USPS GeM[™]
USPS Marketing Mail[™]
USPS Retail Ground[™]
USPS Share Mail[™]
USPS Tracking^{™®}
ZIP[™]
ZIP Code[™]
ZIP+4[®]

The trademark symbols (® and ™) have not been individually noted throughout this document. References to or excerpts from this document may use this approach as well.

Part A—Market Dominant Products
1000 Market Dominant Product List

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)*

1100 First-Class Mail

1100.1 Class Description

- a. Any matter eligible for mailing, except ~~Standard Mail~~USPS Marketing Mail (Commercial and Nonprofit) entered as Customized MarketMail, may, at the option of the mailer, be mailed by First-Class Mail service.
- b. Matter containing personal information, partially or wholly handwritten or typewritten matter, or bills or statements of account must be mailed by First-Class Mail service, unless: (1) it is mailed by Priority Mail Express service or Priority Mail service, (2) it meets the ~~Standard Mail~~USPS Marketing Mail or Periodicals mail preparation requirements for incidental First-Class Mail attachments or enclosures, or (3) it is otherwise exempt under title 39, United States Code.

1105 Single-Piece Letters/Postcards

1105.3 Price Categories

The following price categories are available for the product specified in this section:

- ~~Alternate Postage~~ Share Mail Letters and Postcards

1105.4 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- ~~Picture Permit Imprint Indicia (Alternate Postage Only)~~

1105.5 Prices

Single-Piece Machinable Stamped Letters^{1, 2, 3}

Maximum Weight (ounces)	Machinable Letters (\$)
1	<u>0.49</u>
2	<u>0.70</u>
3	<u>0.91</u>
3.5	<u>1.12</u>

First-Class Mail
Single-Piece Letters/Postcards*Single-Piece Machinable Metered Letters*

Maximum Weight (ounces)	Machinable Letters (\$)
1	<u>0.46</u>
2	<u>0.67</u>
3	<u>0.88</u>
3.5	<u>1.09</u>

Single-Piece Nonmachinable Stamped Letters¹

Maximum Weight (ounces)	Nonmachinable Letters (\$)
1	<u>0.70</u>
2	<u>0.91</u>
3	<u>1.12</u>
3.5	<u>1.33</u>

Single-Piece Nonmachinable Metered Letters

Maximum Weight (ounces)	Nonmachinable Letters (\$)
1	<u>0.670</u>
2	<u>0.880</u>
3	<u>1.090</u>
3.5	<u>1.30</u>

First-Class Mail
Single-Piece Letters/Postcards*Single-Piece QBRM Letters*

Maximum Weight (ounces)	QBRM Letters (\$)
1	<u>0.476</u>
2	<u>0.686</u>

Single-Piece Residual Machinable Letters

Maximum Weight (ounces)	Residual Machinable Letters (\$)
1	<u>0.50</u> ¹
2	<u>0.50</u> ¹
3	<u>0.50</u> ¹
3.5	<u>0.50</u> ¹

Notes

1. This price applies only to residual machinable letters derived from a mixed weight presort mailing, and only when the residual mailing reflects the weight levels included in the mixed weight presort mailing. In all other cases, single-piece machinable metered letter rates apply to residual letters derived from uniform one-ounce and uniform two-ounce presort mailings.

~~Alternate Postage~~ Share Mail Letters and Postcards^{1,2}

Maximum Weight (ounces)	Upfront Postage Payment ² (\$)	Alternate Postage <u>Share Mail</u> Letters (\$)	Alternate Postage <u>Share Mail</u> Postcards (\$)
1	Below 21%	0.57	0.42
	21—50%	0.55	0.40
	Over 50%	0.54	0.39

Notes

1. To qualify for ~~Alternate Postage~~ Share Mail, customers must meet and comply with all eligibility requirements of the program. Share Mail allows a qualifying customer to distribute pre-approved mailpieces that contain an Intelligent Mail barcode (IMb) and that can be mailed without prepayment of postage. Postage is collected when a pre-approved mailpiece is placed in the mailstream and scanned during processing.
2. Customers that are party to a current Alternate Postage Marketing Agreement (Marketing Agreement) as of December 31, 2016 may continue to distribute Alternate Postage mailpieces for the duration of that agreement, per its terms. For all Marketing Agreements, the term “prevailing Alternate Postage rate” shall be synonymous with the prevailing Share Mail rate most recently approved by the Postal Regulatory Commission. To qualify for Alternate Postage, companies pay an agreed upon portion of the required postage at the time they print or distribute pre-approved mailpieces containing an Intelligent Mail barcode (IMb). The remainder of the postage is subsequently collected when a pre-approved mailpiece is placed in the mailstream and scanned during processing.

1110 Presorted Letters/Postcards

1110.3 Price Categories

The following price categories are available for the product specified in this section:

- Automation Letters

⊖ ~~3-Digit~~

- Automation Postcards

⊖ ~~3-Digit~~

1110.5 Prices

Automation Letters

Maximum Weight (ounces)	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)
1	<u>0.373</u>	0.399	<u>0.403</u>	<u>0.423</u>
2	<u>0.373</u>	0.399	<u>0.403</u>	<u>0.423</u>
3	<u>0.373</u>	0.649	<u>0.403</u>	<u>0.423</u>
3.5	<u>0.373</u>	0.774	<u>0.403</u>	<u>0.423</u>

*First-Class Mail
Presorted Letters/Postcards*

Nonautomation Presorted Machinable Letters

Maximum Weight (ounces)	Presorted (\$)
1	<u>0.453</u>
2	<u>0.453</u>
3	<u>0.453</u>
3.35	<u>0.453</u>

Nonmachinable Letters

Maximum Weight (ounces)	Presorted (\$)
1	<u>0.663</u>
2	<u>0.663</u>
3	<u>0.663</u>
3.5	<u>0.663</u>

Automation Postcards

Maximum Weight (ounces)	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)
not applicable	<u>0.253</u>	0.263	<u>0.266</u>	<u>0.274</u>

Nonautomation Presorted Machinable Postcards

Maximum Weight (ounces)	Presorted (\$)
not applicable	<u>0.284</u>

*First-Class Mail
Presorted Letters/Postcards*

Emerging and Advanced Technology Promotion (March 1, 2017 to August 31, 2017)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and ~~Standard Mail~~ USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in a technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

Earned Value Reply Mail Promotion (January 1, 2017 to June 30, 2017)

Provide a \$0.05 per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and ~~Alternate Postage~~ Share Mail pieces that meet program requirements and are placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or ~~Alternate Postage~~ Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

*First-Class Mail
Flats*

1115 Flats

1115.5 Prices

Automation Flats

Maximum Weight (ounces)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
1	<u>0.446</u>	0.630	0.670	0.750
2	<u>0.656</u>	0.840	0.880	0.960
3	<u>0.866</u>	1.050	1.090	1.170
4	<u>1.076</u>	1.260	1.300	1.380
5	<u>1.286</u>	1.470	1.510	1.590
6	<u>1.496</u>	1.680	1.720	1.800
7	<u>1.706</u>	1.890	1.930	2.010
8	<u>1.916</u>	2.100	2.140	2.220
9	<u>2.126</u>	2.310	2.350	2.430
10	<u>2.336</u>	2.520	2.560	2.640
11	<u>2.546</u>	2.730	2.770	2.850
12	<u>2.756</u>	2.940	2.980	3.060
13	<u>2.966</u>	3.150	3.190	3.270

Presorted Flats

*First-Class Mail
Flats**Single-Piece Flats¹*

Maximum Weight (ounces)	Single-Piece (\$)
1	<u>0.98</u>
2	<u>1.19</u>
3	<u>1.40</u>
4	<u>1.61</u>
5	<u>1.82</u>
6	<u>2.03</u>
7	<u>2.24</u>
8	<u>2.45</u>
9	<u>2.66</u>
10	<u>2.87</u>
11	<u>3.08</u>
12	<u>3.29</u>
13	<u>3.50</u>

Emerging and Advanced Technology Promotion (March 1, 2017 to August 31, 2017)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and ~~Standard Mail~~ USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in a technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

Earned Value Reply Mail Promotion (January 1, 2017 to June 30, 2017)

Provide a \$0.05 per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and ~~Alternate Postage~~Share Mail pieces that meet program requirements and are placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or ~~Alternate Postage~~Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

1120 **Parcels**

1120.3 Price Categories

The following price categories are available for the product specified in this section:

- Keys and Identification Devices – Payment is due on delivery unless an active bBusiness rReply mMail advance deposit account is used.

1120.4 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Competitive Ancillary Services (2645)

- Adult Signature (2645.1)

*First-Class Mail
Parcels*

1120.5 Prices

Retail¹

Maximum Weight (ounces)	Single-Piece (\$)
1	<u>2.67</u>
2	<u>2.67</u>
3	<u>2.67</u>
4	<u>2.67</u>
5	<u>2.85</u>
6	<u>3.03</u>
7	<u>3.21</u>
8	<u>3.39</u>
9	<u>3.57</u>
10	<u>3.75</u>
11	<u>3.93</u>
12	<u>4.11</u>
13	<u>4.29</u>

Keys and Identification Devices

Maximum Weight (ounces)	Keys and Identification Devices (\$)
1	<u>3.50</u>
2	<u>3.50</u>
3	<u>3.50</u>
4	<u>3.50</u>
5	<u>3.68</u>
6	<u>3.86</u>
7	<u>4.04</u>
8	<u>4.22</u>
9	<u>4.40</u>
10	<u>4.58</u>
11	<u>4.76</u>
12	<u>4.94</u>
13	<u>5.12</u>
1 (pound)	Priority Mail Retail Zone 4 postage plus <u>0.83</u>
2 (pounds)	Priority Mail Retail Zone 4 postage plus <u>0.83</u>

~~Standard Mail~~USPS Marketing Mail (Commercial and Nonprofit)**1200** **~~Standard Mail~~USPS Marketing Mail (Commercial and Nonprofit)**

1200.1 Class Description

- a. Any mailable matter weighing less than 16 ounces may be mailed by ~~Standard Mail~~USPS Marketing Mail service, except matter that is required to be mailed by First-Class Mail service or copies of a publication that is authorized to be entered as Periodicals mail.
- b. ~~Standard Mail~~USPS Marketing Mail pieces are not sealed against postal inspection. Mailing of matter by ~~Standard Mail~~USPS Marketing Mail service constitutes consent by the mailer to postal inspection of the contents, regardless of the physical closure.
- c. The delivery of ~~Standard Mail~~USPS Marketing Mail pieces is deferrable.
- d. For a charge, undeliverable-as-addressed ~~Standard Mail~~USPS Marketing Mail pieces, except Customized MarketMail pieces, may be forwarded and returned at the request of the mailer.
- e. Except for Every Door Direct Mail—Retail, an annual mailing fee is required to be paid at each office of mailing or office of verification by or for mailers of ~~Standard Mail~~USPS Marketing Mail (1505.2). Payment of the fee allows the mailer to mail at any ~~Standard Mail~~USPS Marketing Mail price.

Attachments and enclosures

- a. First-Class Mail may be enclosed in or attached to ~~Standard Mail~~USPS Marketing Mail except for such mail entered as Customized MarketMail under section 1225.3. Additional postage must be paid for the attachment or enclosure as if it had been mailed separately at the applicable First-Class Mail price.
- b. Incidental First-Class Mail attachments and enclosures may be attached to or enclosed within ~~Standard Mail~~USPS Marketing Mail containing merchandise, but not merchandise samples, with postage paid on the combined pieces at the applicable ~~Standard Mail~~USPS Marketing Mail price.

~~Standard Mail~~USPS Marketing Mail (Commercial and Nonprofit)

Nonprofit only

- a. Mail matter that otherwise qualifies for ~~Standard Mail~~USPS Marketing Mail service may be mailed at Nonprofit ~~Standard Mail~~USPS Marketing Mail prices if it is entered by an authorized entity and meets the additional eligibility restrictions set forth in the Domestic Mail Manual. The following entities may be authorized by the Postal Service to send ~~Standard Mail~~USPS Marketing Mail at Nonprofit ~~Standard Mail~~USPS Marketing Mail prices:

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Letters**1205 High Density and Saturation Letters**

1205.6 Prices

Saturation Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.186</u>	<u>0.111</u>
DNDC	0.162	<u>0.087</u>
DSCF	<u>0.155</u>	<u>0.080</u>

High Density Plus Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.196</u>	<u>0.115</u>
DNDC	0.172	<u>0.091</u>
DSCF	<u>0.165</u>	<u>0.084</u>

High Density Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.199</u>	<u>0.118</u>
DNDC	0.175	<u>0.094</u>
DSCF	<u>0.168</u>	<u>0.087</u>

*Saturation, High Density Plus, and High Density Nonautomation Letters
(~~3.34.0~~ 3.4.0 ounces or less) Commercial*

Entry Point	Saturation (\$)	High Density Plus (\$)	High Density (\$)
None	<u>0.218</u>	<u>0.228</u>	<u>0.248</u>
DNDC	<u>0.178</u>	<u>0.188</u>	<u>0.208</u>
DSCF	<u>0.164</u>	<u>0.174</u>	<u>0.194</u>

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Letters*Saturation, High Density Plus, and High Density Nonautomation Letters
(~~3-34.0~~ ounces or less) Nonprofit*

Entry Point	Saturation (\$)	High Density Plus (\$)	High Density (\$)
None	<u>0.136</u>	<u>0.146</u>	<u>0.167</u>
DNDC	<u>0.096</u>	<u>0.106</u>	<u>0.127</u>
DSCF	<u>0.082</u>	<u>0.092</u>	<u>0.113</u>

*Saturation, High Density Plus, and High Density Nonautomation Letters
(more than ~~3-34.0~~ ounces) Commercial and Nonprofit*

Saturation, High Density Plus, and High Density letter-shaped pieces, ~~and letter-shaped pieces without eligible barcodes or not meeting automation letter standards,~~ that weigh more than ~~3-34.0~~ ounces must pay the piece and pound prices shown in the applicable ~~Standard Mail (Commercial and Nonprofit)~~ Saturation, High Density Plus, and High Density Flats (Commercial and Nonprofit) price tables (1210.6). These pieces cannot be entered at a DDU and must be prepared as letters.

Earned Value Reply Mail Promotion (January 1, 2017 to June 30, 2017)

Provide a \$0.05 per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and ~~Alternate Postage~~ Share Mail pieces that meet program requirements and are placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or ~~Alternate Postage~~ Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Letters

Emerging and Advanced Technology Promotion (March 1, 2017 to August 31, 2017)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and ~~Standard Mail~~ USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in a technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

Mobile Shopping Promotion (August 1, 2017 to December 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats which include, inside or on the mailpiece, a mobile barcode or other qualifying technology that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 2017 to July 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Direct Mail Starter Promotion (May 1, 2017 to July 31, 2017)

Provide a five percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that contain print-mobile or other qualifying technology that leads the recipient to a mobile optimized website. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. No more than 10,000 mailpieces per mailer may qualify for the discount during the promotion period.

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels

1210 High Density and Saturation Flats/Parcels

1210.4 Price Categories

The following price categories are available for the product specified in this section:

- High Density Plus Flats
DDU, DSCF/~~DFSS~~, DNDC, and Origin entry levels
Commercial and Nonprofit eligible
- High Density Flats
DDU, DSCF/~~DFSS~~, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

1210.6 Prices

Saturation Flats (3-~~34.0~~ ounces or less)

Entry Point	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Origin	<u>0.219</u>	<u>0.218</u>	<u>0.137</u>	<u>0.136</u>
DNDC	<u>0.179</u>	<u>0.178</u>	<u>0.097</u>	<u>0.096</u>
DSCF	<u>0.165</u>	<u>0.164</u>	<u>0.083</u>	<u>0.082</u>
DDU	<u>0.156</u>	<u>0.155</u>	<u>0.074</u>	<u>0.073</u>

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels

Saturation Flats (greater than ~~3.34.0~~ ounces)

a. Per Piece

	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Per Piece	<u>0.065</u>	<u>0.064</u>	<u>0.026</u>	<u>0.025</u>

b. Per Pound

Entry Point	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Origin	0.615	0.615	0.445	0.445
DNDC	0.454	0.454	0.284	0.284
DSCF	<u>0.399</u>	<u>0.399</u>	<u>0.229</u>	<u>0.229</u>
DDU	0.363	0.363	0.193	0.193

Saturation Parcels

a. Per Piece

Mailing Volume Tier	Commercial		Nonprofit	
	Small (\$)	Large (\$)	Small (\$)	Large (\$)
0-200,000	<u>0.289</u>	<u>0.333</u>	<u>0.217</u>	<u>0.250</u>
200,001 and above -400,000	<u>0.278</u>	<u>0.322</u>	<u>0.209</u>	<u>0.242</u>
400,001-600,000	0.264	0.308	0.198	0.231
600,001-800,000	0.253	0.297	0.190	0.223
800,000-1,000,000	0.242	0.286	0.182	0.215
Over 1,000,000	0.231	0.275	0.174	0.207

~~Standard Mail~~ **USPS Marketing Mail (Commercial and Nonprofit)**
High Density and Saturation Flats/Parcels

b. Handling Fees for DNDC/DSCF Entry

	Commercial (\$)	Nonprofit (\$)
Entry Point/ Presort	Pallet	Pallet
DNDC – 3-Digit	<u>50.678</u>	<u>40.542</u>
DNDC – 5-Digit	<u>82.400</u>	<u>65.920</u>
DSCF – 5-Digit	<u>38.607</u>	<u>30.996</u>
Pallet Presort	Carton/Sack	Carton/Sack
3-Digit	<u>6.901</u>	<u>5.623</u>

High Density Plus Flats (~~3-34.0~~ ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.228</u>	<u>0.146</u>
DNDC	<u>0.188</u>	<u>0.106</u>
DSCF/ DFSS	<u>0.174</u>	<u>0.092</u>
DDU	<u>0.165</u>	<u>0.083</u>

High Density Plus Flats (greater than ~~3-34.0~~ ounces)

a. Per Piece

	Commercial (\$)	Nonprofit (\$)
Per Piece	<u>0.074</u>	<u>0.035</u>

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.615	0.445
DNDC	0.454	0.284
DSCF/DFSS	<u>0.399</u>	<u>0.229</u>
DDU	0.363	0.193

High Density Flats (3-34.0 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.248</u>	<u>0.167</u>
DNDC	<u>0.208</u>	<u>0.127</u>
DSCF/DFSS	<u>0.194</u>	<u>0.113</u>
DDU	<u>0.185</u>	<u>0.104</u>

High Density Flats (greater than 3-34.0 ounces)

a. Per Piece

	Commercial (\$)	Nonprofit (\$)
Per Piece	<u>0.094</u>	<u>0.056</u>

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.615	0.445
DNDC	0.454	0.284
DSCF/DFSS	<u>0.399</u>	<u>0.229</u>
DDU	0.363	0.193

Earned Value Reply Mail Promotion: Flats Only (January 1, 2017 to June 30, 2017)

Provide a \$0.05 per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and ~~Alternate Postage~~ Share Mail pieces that meet program requirements and are placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or ~~Alternate Postage~~ Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

Emerging and Advanced Technology Promotion: Flats Only (March 1, 2017 to August 31, 2017)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and ~~Standard Mail~~ USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in a technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels

Mobile Shopping Promotion: Flats Only (August 1, 2017 to December 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats which include, inside or on the mailpiece, a mobile barcode or other qualifying technology that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Flats Only (February 1, 2017 to July 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Direct Mail Starter Promotion: Flats Only (May 1, 2017 to July 31, 2017)

Provide a five percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that contain print-mobile or other qualifying technology that leads the recipient to a mobile optimized website. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. No more than 10,000 mailpieces per mailer may qualify for the discount during the promotion period.

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Carrier Route

1215 Carrier Route

1215.6 Prices

Carrier Route Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.290</u>	<u>0.209</u>
DNDC	<u>0.260</u>	<u>0.179</u>
DSCF	<u>0.252</u>	<u>0.171</u>

Carrier Route Nonautomation-Letters weighing greater than 3.35 ounces, but not more than 4.0 ounces

Carrier Route letter-shaped pieces, ~~and letter-shaped pieces without eligible barcodes or not meeting automation letter standards,~~ that weigh more than 3.35 ounces, but not more than 4.0 ounces, must pay the prices shown in the applicable ~~Standard Mail (Commercial and Nonprofit)~~ "Carrier Route Flats (4.0 ounces or less)" price tables (1215.6). These pieces cannot be entered at a DDU and must be prepared as letters.

Carrier Route Letters weighing greater than 4.0 ounces

Carrier Route letter-shaped pieces that weigh more than 4.0 ounces must pay the per piece and per pound prices shown in the "Carrier Route Flats (greater than 4.0 ounces)" price tables (1215.6). These pieces cannot be entered at a DDU and must be prepared as letters.

Carrier Route Flats (~~3.34.0~~ ounces or less)

Entry Point	Commercial (\$)		Nonprofit (\$)	
	5-Digit Pallet	Other	5-Digit Pallet	Other
Origin	<u>0.270</u>	<u>0.290</u>	<u>0.189</u>	<u>0.209</u>
DNDC	<u>0.240</u>	<u>0.260</u>	<u>0.159</u>	<u>0.179</u>
DSCF	<u>0.232</u>	<u>0.252</u>	<u>0.151</u>	<u>0.171</u>
DDU	<u>0.221</u>	<u>0.241</u>	<u>0.140</u>	<u>0.160</u>

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Carrier Route

Carrier Route Flats (greater than ~~3.34.0~~ 3.4.0 ounces)

a. Per Piece

Entry Point	Commercial (\$)		Nonprofit (\$)		
	5-Digit Pallets	Other	5-Digit Pallets	Other	
Origin	<u>0.090</u>	<u>0.110</u>	<u>0.051</u>	<u>0.071</u>	
DNDC	<u>0.090</u>	<u>0.110</u>	<u>0.051</u>	<u>0.071</u>	
DSCF	<u>0.090</u>	<u>0.110</u>	<u>0.051</u>	<u>0.071</u>	
DDU	<u>0.090</u>	<u>0.110</u>	<u>0.051</u>	<u>0.071</u>	

b. Per Pound

Entry Point	Commercial (\$)		Nonprofit (\$)		
	5-Digit Pallets	Other	5-Digit Pallets	Other	
Origin	<u>0.720</u>	<u>0.720</u>	<u>0.550</u>	<u>0.550</u>	
DNDC	<u>0.600</u>	<u>0.600</u>	<u>0.430</u>	<u>0.430</u>	
DSCF	<u>0.568</u>	<u>0.568</u>	<u>0.398</u>	<u>0.398</u>	
DDU	<u>0.524</u>	<u>0.524</u>	<u>0.354</u>	<u>0.354</u>	

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Carrier Route

Carrier Route Parcels

a. Per Piece

Mailing Volume Tier	Commercial		Nonprofit	
	Small (\$)	Large (\$)	Small (\$)	Large (\$)
0-200,000	<u>0.400</u>	<u>0.444</u>	<u>0.300</u>	<u>0.333</u>
200,001 <u>and above</u> -400,000	<u>0.389</u>	<u>0.433</u>	<u>0.292</u>	<u>0.325</u>
400,001-600,000	0.374	0.418	0.281	0.314
600,001-800,000	0.363	0.407	0.273	0.306
800,000-1,000,000	0.352	0.396	0.264	0.297
Over 1,000,000	0.341	0.385	0.256	0.289

b. Handling Fees for DNDC/DSCF Entry

	Commercial (\$)	Nonprofit (\$)
Entry Point/ Presort	Pallet	Pallet
DNDC – 3-Digit	<u>50.678</u>	<u>40.542</u>
DNDC – 5-Digit	<u>82.400</u>	<u>65.920</u>
DSCF – 5-Digit	<u>38.607</u>	<u>30.996</u>
Pallet Presort	Carton/Sack	Carton/Sack
3-Digit	<u>6.901</u>	<u>5.623</u>

~~Standard Mail~~USPS Marketing Mail (Commercial and Nonprofit)
Carrier Route

Earned Value Reply Mail Promotion: Letters and Flats Only (January 1, 2017 to June 30, 2017)

Provide a \$0.05 per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and ~~Alternate Postage~~Share Mail pieces that meet program requirements and are placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or ~~Alternate Postage~~Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

Emerging and Advanced Technology Promotion: Letters and Flats Only (March 1, 2017 to August 31, 2017)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and ~~Standard Mail~~USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in a technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

Mobile Shopping Promotion: Letters and Flats Only (August 1, 2017 to December 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~USPS Marketing Mail letters and flats which include, inside or on the mailpiece, a mobile barcode or other qualifying technology that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Letters and Flats Only (February 1, 2017 to July 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~USPS Marketing Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Carrier Route

Direct Mail Starter Promotion: Letters and Flats Only (May 1, 2017 to July 31, 2017)

Provide a five percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that contain print-mobile or other qualifying technology that leads the recipient to a mobile optimized website. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. No more than 10,000 mailpieces per mailer may qualify for the discount during the promotion period.

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Letters

1220 Letters

1220.4 Price Categories

The following price categories are available for the product specified in this section:

- Automation

- ~~3-Digit~~
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

1220.6 Prices

Automation Letters (3.5 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)
Origin	<u>0.251</u>	0.274	<u>0.271</u>	<u>0.288</u>	<u>0.134</u>	0.159	<u>0.154</u>	<u>0.171</u>
DNDC	<u>0.225</u>	0.239	<u>0.245</u>	<u>0.262</u>	<u>0.108</u>	0.124	<u>0.128</u>	<u>0.145</u>
DSCF	<u>0.217</u>	0.230	<u>0.237</u>	n/a	<u>0.100</u>	0.115	<u>0.120</u>	n/a

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Letters*Machinable Letters (3.35 ounces or less)*

Entry Point	Commercial		Nonprofit	
	AADC (\$)	Mixed AADC (\$)	AADC (\$)	Mixed AADC (\$)
Origin	<u>0.284</u>	<u>0.301</u>	<u>0.167</u>	<u>0.184</u>
DNDC	<u>0.258</u>	<u>0.275</u>	<u>0.141</u>	<u>0.158</u>
DSCF	<u>0.250</u>	n/a	<u>0.133</u>	n/a

Nonmachinable Letters (3.34.0 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.462</u>	<u>0.549</u>	<u>0.574</u>	<u>0.647</u>	<u>0.345</u>	<u>0.432</u>	<u>0.457</u>	<u>0.530</u>
DNDC	<u>0.436</u>	<u>0.523</u>	<u>0.548</u>	<u>0.621</u>	<u>0.319</u>	<u>0.406</u>	<u>0.431</u>	<u>0.504</u>
DSCF	<u>0.428</u>	<u>0.515</u>	<u>0.540</u>	n/a	<u>0.311</u>	<u>0.398</u>	<u>0.423</u>	n/a

~~Nonautomation~~ *Pieces weighing greater than 3.34.0 ounces*

Letters pieces without eligible barcodes or not meeting automation letter standards, that weigh more than 3.34.0 ounces must pay the prices shown in the applicable ~~Standard Mail (Commercial and Nonprofit)~~ "Nonautomation Flats (greater than 4.0 ounces)" price tables (1225.6). These pieces cannot be entered at a DDU and must be prepared as letters.

Earned Value Reply Mail Promotion (January 1, 2017 to June 30, 2017)

Provide a \$0.05 per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and ~~Alternate Postage~~ Share Mail pieces that meet program requirements and are placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or ~~Alternate Postage~~ Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Letters

Emerging and Advanced Technology Promotion (March 1, 2017 to August 31, 2017)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and ~~Standard Mail~~ USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in a technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

Mobile Shopping Promotion (August 1, 2017 to December 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats which include, inside or on the mailpiece, a mobile barcode or other qualifying technology that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 2017 to July 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Direct Mail Starter Promotion (May 1, 2017 to July 31, 2017)

Provide a five percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that contain print-mobile or other qualifying technology that leads the recipient to a mobile optimized website. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. No more than 10,000 mailpieces per mailer may qualify for the discount during the promotion period.

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Flats

1225 Flats

1225.4 Price Categories

The following price categories are available for the product specified in this section:

- Automation
 - ~~FSS Scheme Pallet/Container~~
DFSS entry level
Commercial and Nonprofit eligible
 - ~~FSS Non-Scheme Pallet/Container~~
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible*****

- Nonautomation
 - ~~FSS Scheme Pallet/Container~~
DFSS entry level
Commercial and Nonprofit eligible
 - ~~FSS Non-Scheme Pallet/Container~~
DSCF, DNDC, and Origin entry levels*****

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Flats

1225.6 Prices

Automation Flats (3.34.0 ounces or less)

Commercial						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.304	0.331	<u>0.387</u>	<u>0.478</u>	<u>0.533</u>	<u>0.550</u>
DNDC	0.268	0.298	<u>0.347</u>	<u>0.438</u>	<u>0.493</u>	<u>0.510</u>
DSCF	0.258	0.288	<u>0.335</u>	<u>0.426</u>	<u>0.481</u>	n/a
DFSS	0.253	0.283	n/a	n/a	n/a	n/a

Nonprofit						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.162	0.192	<u>0.244</u>	<u>0.335</u>	<u>0.390</u>	<u>0.407</u>
DNDC	0.129	0.159	<u>0.204</u>	<u>0.295</u>	<u>0.350</u>	<u>0.367</u>
DSCF	0.119	0.149	<u>0.192</u>	<u>0.283</u>	<u>0.338</u>	n/a
DFSS	0.114	0.144	n/a	n/a	n/a	n/a

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Flats

Automation Flats (greater than ~~3.34~~ 3.34 ounces)

a. Per Piece

Commercial						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.144	0.174	<u>0.163</u>	<u>0.254</u>	<u>0.309</u>	<u>0.326</u>
DNDC	0.144	0.174	<u>0.163</u>	<u>0.254</u>	<u>0.309</u>	<u>0.326</u>
DSCF	0.144	0.174	<u>0.163</u>	<u>0.254</u>	<u>0.309</u>	n/a
DFSS	0.139	0.169	n/a	n/a	n/a	n/a

Nonprofit						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.026	0.056	<u>0.045</u>	<u>0.136</u>	<u>0.191</u>	<u>0.208</u>
DNDC	0.026	0.056	<u>0.045</u>	<u>0.136</u>	<u>0.191</u>	<u>0.208</u>
DSCF	0.026	0.056	<u>0.045</u>	<u>0.136</u>	<u>0.191</u>	n/a
DFSS	0.024	0.054	n/a	n/a	n/a	n/a

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Flats

b. Per Pound

Commercial						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.763	0.763	<u>0.897</u>	<u>0.897</u>	<u>0.897</u>	<u>0.897</u>
DNDC	0.602	0.602	<u>0.737</u>	<u>0.737</u>	<u>0.737</u>	<u>0.737</u>
DSCF	0.554	0.554	<u>0.689</u>	<u>0.689</u>	<u>0.689</u>	n/a
DFSS	0.554	0.554	n/a	n/a	n/a	n/a
Nonprofit						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.660	0.660	<u>0.794</u>	<u>0.794</u>	<u>0.794</u>	<u>0.794</u>
DNDC	0.499	0.499	<u>0.634</u>	<u>0.634</u>	<u>0.634</u>	<u>0.634</u>
DSCF	0.451	0.451	<u>0.586</u>	<u>0.586</u>	<u>0.586</u>	n/a
DFSS	0.451	0.451	n/a	n/a	n/a	n/a

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Flats*Nonautomation Flats (3-34.0 ounces or less)*

Commercial						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.405	0.410	<u>0.435</u>	<u>0.504</u>	<u>0.555</u>	<u>0.588</u>
DNDC	0.372	0.377	<u>0.395</u>	<u>0.464</u>	<u>0.515</u>	<u>0.548</u>
DSCF	0.362	0.367	<u>0.383</u>	<u>0.452</u>	<u>0.503</u>	n/a
DFSS	0.357	0.362	n/a	n/a	n/a	n/a
Nonprofit						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.266	0.274	<u>0.292</u>	<u>0.361</u>	<u>0.412</u>	<u>0.445</u>
DNDC	0.233	0.238	<u>0.252</u>	<u>0.321</u>	<u>0.372</u>	<u>0.405</u>
DSCF	0.223	0.228	<u>0.240</u>	<u>0.309</u>	<u>0.360</u>	n/a
DFSS	0.218	0.223	n/a	n/a	n/a	n/a

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Flats

Nonautomation Flats (greater than ~~3.34.0~~ ounces)

a. Per Piece

Commercial						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.248	0.253	<u>0.211</u>	<u>0.280</u>	<u>0.331</u>	<u>0.364</u>
DNDC	0.248	0.253	<u>0.211</u>	<u>0.280</u>	<u>0.331</u>	<u>0.364</u>
DSCF	0.248	0.253	<u>0.211</u>	<u>0.280</u>	<u>0.331</u>	n/a
DFSS	0.243	0.248	n/a	n/a	n/a	n/a

Nonprofit						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.130	0.135	<u>0.093</u>	<u>0.162</u>	<u>0.213</u>	<u>0.246</u>
DNDC	0.130	0.135	<u>0.093</u>	<u>0.162</u>	<u>0.213</u>	<u>0.246</u>
DSCF	0.130	0.135	<u>0.093</u>	<u>0.162</u>	<u>0.213</u>	n/a
DFSS	0.125	0.130	n/a	n/a	n/a	n/a

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Flats

b. Per Pound

Commercial						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.763	0.763	<u>0.897</u>	<u>0.897</u>	<u>0.897</u>	<u>0.897</u>
DNDC	0.602	0.602	<u>0.737</u>	<u>0.737</u>	<u>0.737</u>	<u>0.737</u>
DSCF	0.554	0.554	<u>0.689</u>	<u>0.689</u>	<u>0.689</u>	n/a
DFSS	0.554	0.554	n/a	n/a	n/a	n/a

Nonprofit						
Entry Point	FSS Scheme Pallet/Container (\$)	FSS Non-Scheme Pallet/Container (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.660	0.660	<u>0.794</u>	<u>0.794</u>	<u>0.794</u>	<u>0.794</u>
DNDC	0.499	0.499	<u>0.634</u>	<u>0.634</u>	<u>0.634</u>	<u>0.634</u>
DSCF	0.454	0.454	<u>0.586</u>	<u>0.586</u>	<u>0.586</u>	n/a
DFSS	0.454	0.454	n/a	n/a	n/a	n/a

Customized MarketMail Prices

	Commercial (\$)	Nonprofit (\$)
Per Piece	<u>0.443</u>	<u>0.328</u>

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Flats

Earned Value Reply Mail Promotion (January 1, 2017 to June 30, 2017)

Provide a \$0.05 per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and ~~Alternate Postage~~ Share Mail pieces that meet program requirements and are placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or ~~Alternate Postage~~ Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

Emerging and Advanced Technology Promotion (March 1, 2017 to August 31, 2017)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and ~~Standard Mail~~ USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in a technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

Mobile Shopping Promotion (August 1, 2017 to December 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats which include, inside or on the mailpiece, a mobile barcode or other qualifying technology that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 2017 to July 31, 2017)

Provide a two percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Flats

Direct Mail Starter Promotion (May 1, 2017 to July 31, 2017)

Provide a five percent discount on the qualifying postage for ~~Standard Mail~~ USPS Marketing Mail letters and flats that contain print-mobile or other qualifying technology that leads the recipient to a mobile optimized website. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. No more than 10,000 mailpieces per mailer may qualify for the discount during the promotion period.

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Parcels

1230 **Parcels**

1230.6 Prices

Marketing Parcels (3.3 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Origin	n/a	n/a	<u>1.198</u>	<u>1.532</u>	n/a	n/a	<u>1.115</u>	<u>1.449</u>
DNDC	<u>0.741</u>	<u>0.834</u>	<u>1.148</u>	n/a	<u>0.658</u>	<u>0.751</u>	<u>1.065</u>	n/a
DSCF	<u>0.691</u>	<u>0.784</u>	n/a	n/a	<u>0.608</u>	<u>0.701</u>	n/a	n/a
DDU	<u>0.646</u>	n/a	n/a	n/a	<u>0.563</u>	n/a	n/a	n/a

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Parcels

Marketing Parcels (greater than 3.3 ounces)

a. Per Piece

	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.554</u>	<u>0.647</u>	0.961	<u>1.295</u>	<u>0.489</u>	<u>0.582</u>	0.896	<u>1.230</u>

b. Per Pound

Entry Point	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Origin	n/a	n/a	<u>1.150</u>	<u>1.150</u>	n/a	n/a	<u>1.063</u>	<u>1.063</u>
DNDC	<u>0.905</u>	<u>0.905</u>	<u>0.905</u>	n/a	<u>0.818</u>	<u>0.818</u>	<u>0.818</u>	n/a
DSCF	<u>0.663</u>	<u>0.663</u>	n/a	n/a	<u>0.576</u>	<u>0.576</u>	n/a	n/a
DDU	<u>0.445</u>	n/a	n/a	n/a	<u>0.358</u>	n/a	n/a	n/a

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Parcels

Nonprofit Machinable Parcels Prices (3.5 ounces or more)

a. Per Piece

	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	<u>0.620</u>	<u>0.906</u>	<u>1.302</u>

c. Per Pound

Entry Point	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	<u>1.059</u>	<u>1.059</u>
DNDC	<u>0.814</u>	<u>0.814</u>	n/a
DSCF	<u>0.551</u>	n/a	n/a
DDU	<u>0.354</u>	n/a	n/a

Nonprofit Irregular Parcels (3.3 ounces or less)

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	n/a	<u>1.368</u>	<u>1.631</u>
DNDC	<u>0.788</u>	<u>0.937</u>	<u>1.318</u>	n/a
DSCF	<u>0.734</u>	<u>0.883</u>	n/a	n/a
DDU	<u>0.693</u>	n/a	n/a	n/a

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Parcels

Nonprofit Irregular Parcels (greater than 3.3 ounces)

a. Per Piece

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	<u>0.620</u>	<u>0.769</u>	<u>1.150</u>	<u>1.413</u>

b. Per Pound

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	n/a	<u>1.059</u>	<u>1.059</u>
DNDC	<u>0.814</u>	<u>0.814</u>	<u>0.814</u>	n/a
DSCF	<u>0.551</u>	<u>0.551</u>	n/a	n/a
DDU	<u>0.354</u>	n/a	n/a	n/a

Non-barcoded Parcels Surcharge

For non-barcoded parcels, add \$0.06442 per piece. The surcharge does not apply to pieces sorted to 5-Digit ZIP Codes.

~~Standard Mail~~ USPS Marketing Mail (Commercial and Nonprofit)
Every Door Direct Mail—Retail

1235 **Every Door Direct Mail—Retail**

1235.6 Prices

Saturation Flats (3.3 ounces or less)

Entry Point	(\$)
DDU	<u>0.177</u>

1300 Periodicals

1300.1 Class Description

Attachments and enclosures

- b. A limit of one ~~Standard Mail~~ USPS Marketing Mail "Ride-Along" attachment or enclosure, not exceeding 3.3 ounces or the weight of the host copy, may be included in an individual copy of Periodicals mail for an additional postage payment under conditions specified in the Domestic Mail Manual.

1305 In-County Periodicals

1305.6 Prices

In-County Automation

b. Piece Prices (per addressed piece)

Presort Level	Letters (\$)	Flats (\$)
5-Digit	0.051	<u>0.113</u>
3-Digit	0.053	<u>0.121</u>
Basic	0.064	<u>0.130</u>

In-County Nonautomation

b. Piece Prices (per addressed piece)

Presort Level	Letters, Flats, and Parcels (\$)
Carrier Route Saturation	0.034
Carrier Route High Density	0.048
Carrier Route Basic	0.065
5-Digit	<u>0.123</u>
3-Digit	<u>0.138</u>
Basic	<u>0.153</u>

1310 Outside County Periodicals

1310.4 Price Categories

Pound Price

- Advertising
DDU, DSCF, ~~DFSS~~, DADC, Zones 1-9
- Editorial
DDU, DSCF, ~~DFSS~~, DADC, All Other

Piece Price

- Machinable Flats and Nonbarcoded Letters
 - Barcoded Flats
FSS, 5-Digit, 3-Digit/SCF, ADC, Mixed ADC preparation levels
 - Nonbarcoded Flats and Nonbarcoded Letters
FSS, 5-Digit, 3-Digit/SCF, ADC, Mixed ADC preparation levels

Bundle Price

The bundle price applies to all Outside County mail prepared in bundles. The price paid for a bundle depends on the presort level of the container holding the bundle. For bundles containing both Periodicals and ~~Standard Mail~~ USPS Marketing Mail pieces, the bundle price is multiplied by the proportion of pieces in the bundle that are Periodicals pieces. Firm bundles have all pieces destined for one address. The following price categories are available for the product specified in this section:

- ~~FSS Scheme (bundle level)~~
FSS Scheme, ~~FSS Facility, 3-Digit/SCF, ADC, Mixed ADC container levels~~

Container Price

The container price applies to all Outside County mail prepared in trays, sacks, pallets, or other containers. For containers containing both Periodicals and ~~Standard Mail~~ USPS Marketing Mail pieces, the container price is multiplied by the proportion of weight on the container contributed by the Periodicals pieces. The following price categories are available for the product specified in this section:

a. Pallet Container Price

- ~~FSS Scheme~~
~~DSCF, DFSS, DADC, DNDC, Origin entry levels~~
- ~~FSS Facility~~
~~DSCF, DFSS, DADC, DNDC, Origin entry levels~~

b. Sack and Tray Container Price

- ~~FSS Scheme~~
~~DSCF, DFSS, DADC, DNDC, Origin entry levels~~
- ~~FSS Facility~~
~~DSCF, DFSS, DADC, DNDC, Origin entry levels~~

1310.6 Prices

Pound Prices (per pound or fraction thereof)

Entry Level or Zone	Regular		Science of Agriculture	
	Advertising (\$)	Editorial (\$)	Advertising (\$)	Editorial (\$)
DDU	0.120	0.088	0.090	0.088
DSCF	0.176	0.132	0.132	0.132
DFSS	0.176	0.132	0.132	0.132
DADC	0.188	0.141	0.141	0.141
Zones 1 & 2	0.212	0.157	0.159	0.157
Zone 3	0.230	0.157	0.230	0.157
Zone 4	0.291	0.157	0.291	0.157
Zone 5	0.364	0.157	0.364	0.157
Zone 6	0.445	0.157	0.445	0.157
Zone 7	0.539	0.157	0.539	0.157
Zone 8	0.623	0.157	0.623	0.157
Zone 9	0.623	0.157	0.623	0.157

Piece Price (per addressed piece)

c. Machinable Flats and Nonbarcoded Letters

Bundle Level	Barcoded Flats (\$)	Nonbarcoded Flats (\$)	Nonbarcoded Letters (\$)
FSS	0.230	0.360	
5-Digit	0.309	0.311	0.311
3-Digit/SCF	0.390	0.416	0.416
ADC	0.408	0.435	0.435
Mixed ADC	0.438	0.473	0.473

d. Nonmachinable Flats and Parcels

Bundle Level	Barcoded Flats (\$)	Nonbarcoded Flats (\$)	Parcels (\$)
5-Digit	0.329	<u>0.330</u>	<u>0.330</u>
3-Digit/SCF	0.467	<u>0.473</u>	<u>0.473</u>
ADC	0.555	0.579	0.579
Mixed ADC	0.658	0.658	0.658

e. Editorial Adjustment

A per-piece editorial adjustment is provided by subtracting \$0.001089 for each 1 percent of editorial (nonadvertising) content from the applicable piece price.

f. Firm Bundle Piece Price

Firm bundles are charged a single-piece price of \$~~0.195~~0.202.

Bundle Prices (per bundle)

Bundle Level	Container Level						
	Carrier Route (\$)	5-Digit (\$)	FSS Scheme (\$)	FSS Facility (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
Firm	0.103	0.103			0.214	0.268	0.362
Carrier Route	<u>0.152</u>	<u>0.152</u>			<u>0.551</u>	0.694	0.928
5-Digit		<u>0.323</u>			<u>0.376</u>	0.493	0.749
FSS Scheme			0.000	0.314	0.314	0.463	0.705
3-Digit/SFC					<u>0.326</u>	0.456	0.703
ADC						<u>0.327</u>	0.580
Mixed ADC							0.212

Container Prices (per pallet, tray, or sack)

a. Pallet Container

Entry Point	Carrier Route (\$)	5-Digit (\$)	FSS Scheme (\$)	FSS Facility (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	3.046						
DSCF	19.023	39.806	13.327	23.822	23.822		
DFSS			6.664	23.822			
DADC	36.324	57.107	30.628	41.123	41.123	24.545	
DNDC	40.572	61.355	34.876	45.372	45.372	42.789	
Origin	59.711	80.494	53.984	64.497	64.497	61.901	<u>7.214</u>

*Periodicals
Outside County Periodicals*

b. Tray or Sack Container

Entry Point	Carrier Route/ 5-Digit (\$)	FSS Scheme (\$)	FSS Facility (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	0.974					
DSCF	1.407	0.866	0.866	0.866		
DFSS		0.433	0.866			
DADC	1.840	1.299	1.299	1.299	0.866	
DNDC	2.165	1.624	1.624	1.624	1.515	
Origin	<u>2.928</u>	2.273	2.273	<u>2.323</u>	<u>2.217</u>	<u>0.512</u>

1400 Package Services

1400.1 Class Description

- d. Package Services pieces that are undeliverable-as-addressed will be forwarded on request of the addressee, or forwarded and returned on request of the mailer, subject to the applicable single-piece Package Services mail price when forwarded or returned. Pieces which combine domestic Package Services mail with First-Class Mail or ~~Standard Mail~~ USPS Marketing Mail pieces will be forwarded if undeliverable-as-addressed, and returned if undeliverable.

Attachments and enclosures

- a. First-Class Mail or ~~Standard Mail~~ USPS Marketing Mail pieces may be attached to or enclosed in Package Services mail. Additional postage may be required.

1405 Alaska Bypass Service

1405.6 Prices

Alaska Bypass

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)
70	<u>25.20</u>	<u>30.80</u>

1415 Bound Printed Matter Flats

1415.4 Price Categories

The following price categories are available for the product specified in this section:

- Carrier Route
 - ~~Non-FSS~~
 - Destination Entry
 - Other than Destination Entry
- Presorted
 - ~~Flats Sequencing System (FSS)~~
 - ~~Non-FSS~~
 - Destination Entry
 - Other than Destination Entry

1415.6 Prices

Carrier Route

1. Destination Entry

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.362</u>	<u>0.522</u>	<u>0.999</u>	<u>0.999</u>	<u>0.999</u>	<u>0.999</u>
Per Pound	<u>0.020</u>	<u>0.036</u>	<u>0.064</u>	<u>0.084</u>	<u>0.136</u>	<u>0.220</u>

2. Other Than Destination Entry

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zones 8 & 9
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>1.112</u>	<u>1.112</u>	<u>1.112</u>	<u>1.112</u>	<u>1.112</u>	<u>1.112</u>	<u>1.112</u>
Per Pound	<u>0.138</u>	<u>0.149</u>	<u>0.202</u>	<u>0.257</u>	<u>0.329</u>	<u>0.372</u>	<u>0.500</u>

Presorted

~~a. Flats Sequencing System (FSS)~~

~~1. Destination Entry⁴~~

	DSCF	DFSS	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	0.656	0.648	1.123	1.123	1.123	1.123
Per Pound	0.035	0.035	0.062	0.069	0.124	0.186

~~2. Other Than Destination Entry~~

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zones 8 & 9
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	1.239	1.239	1.239	1.239	1.239	1.239	1.239
Per Pound	0.135	0.143	0.194	0.247	0.316	0.357	0.480

b. Non-FSS

1. Destination Entry²¹

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.504</u>	<u>0.664</u>	<u>1.141</u>	<u>1.141</u>	<u>1.141</u>	<u>1.141</u>
Per Pound	<u>0.020</u>	<u>0.036</u>	<u>0.064</u>	<u>0.084</u>	<u>0.136</u>	<u>0.220</u>

*Package Services
Bound Printed Matter Flats*

2. Other Than Destination Entry

	Zones Local 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
Per Piece	<u>1.254</u>	<u>1.254</u>	<u>1.254</u>	<u>1.254</u>	<u>1.254</u>	<u>1.254</u>	<u>1.254</u>
Per Pound	<u>0.138</u>	<u>0.149</u>	<u>0.202</u>	<u>0.257</u>	<u>0.329</u>	<u>0.372</u>	<u>0.500</u>

Notes

- ~~1.~~ ~~DFSS prices apply to FSS Scheme Bundles entered on scheme containers at the DFSS. FSS Scheme Bundles entered on non-scheme containers at the DFSS pay the DSCF prices.~~
- ~~2.1.~~ DDU price is not available for presorted flats that weigh 1 pound or less.

*Package Services
Bound Printed Matter Flats**Nonpresorted*

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
1.0	<u>1.87</u>	<u>1.92</u>	<u>1.98</u>	<u>2.07</u>	<u>2.17</u>	<u>2.23</u>	<u>2.43</u>
1.5	<u>1.87</u>	<u>1.92</u>	<u>1.98</u>	<u>2.07</u>	<u>2.17</u>	<u>2.23</u>	<u>2.43</u>
2.0	<u>1.96</u>	<u>2.02</u>	<u>2.10</u>	<u>2.22</u>	<u>2.36</u>	<u>2.44</u>	<u>2.70</u>
2.5	<u>2.05</u>	<u>2.13</u>	<u>2.23</u>	<u>2.38</u>	<u>2.55</u>	<u>2.65</u>	<u>2.98</u>
3.0	<u>2.14</u>	<u>2.23</u>	<u>2.35</u>	<u>2.53</u>	<u>2.74</u>	<u>2.86</u>	<u>3.25</u>
3.5	<u>2.23</u>	<u>2.34</u>	<u>2.48</u>	<u>2.69</u>	<u>2.93</u>	<u>3.07</u>	<u>3.53</u>
4.0	<u>2.32</u>	<u>2.44</u>	<u>2.60</u>	<u>2.84</u>	<u>3.12</u>	<u>3.28</u>	<u>3.80</u>
4.5	<u>2.42</u>	<u>2.56</u>	<u>2.74</u>	<u>3.01</u>	<u>3.32</u>	<u>3.50</u>	<u>4.10</u>
5.0	<u>2.51</u>	<u>2.66</u>	<u>2.86</u>	<u>3.16</u>	<u>3.51</u>	<u>3.71</u>	<u>4.37</u>
6.0	<u>2.69</u>	<u>2.87</u>	<u>3.11</u>	<u>3.47</u>	<u>3.89</u>	<u>4.13</u>	<u>4.92</u>
7.0	<u>2.87</u>	<u>3.08</u>	<u>3.36</u>	<u>3.78</u>	<u>4.27</u>	<u>4.55</u>	<u>5.47</u>
8.0	<u>3.05</u>	<u>3.29</u>	<u>3.61</u>	<u>4.09</u>	<u>4.65</u>	<u>4.97</u>	<u>6.02</u>
9.0	<u>3.23</u>	<u>3.50</u>	<u>3.86</u>	<u>4.40</u>	<u>5.03</u>	<u>5.39</u>	<u>6.57</u>
10.0	<u>3.42</u>	<u>3.72</u>	<u>4.12</u>	<u>4.73</u>	<u>5.44</u>	<u>5.84</u>	<u>7.15</u>
11.0	<u>3.60</u>	<u>3.93</u>	<u>4.37</u>	<u>5.04</u>	<u>5.82</u>	<u>6.26</u>	<u>7.70</u>
12.0	<u>3.78</u>	<u>4.14</u>	<u>4.62</u>	<u>5.35</u>	<u>6.20</u>	<u>6.68</u>	<u>8.25</u>
13.0	<u>3.96</u>	<u>4.35</u>	<u>4.87</u>	<u>5.66</u>	<u>6.58</u>	<u>7.10</u>	<u>8.80</u>
14.0	<u>4.14</u>	<u>4.56</u>	<u>5.12</u>	<u>5.97</u>	<u>6.96</u>	<u>7.52</u>	<u>9.35</u>
15.0	<u>4.33</u>	<u>4.79</u>	<u>5.40</u>	<u>6.31</u>	<u>7.37</u>	<u>7.98</u>	<u>9.95</u>

*Package Services
Bound Printed Matter Parcels*

1420 Bound Printed Matter Parcels

1420.1 Description

~~b.—An annual mailing fee is required to be paid at each office of mailing or office of verification by or for mailers of destination entered Bound Printed Matter Parcels (1505.2). Payment of the fee allows the mailer to mail at any destination entered Bound Printed Matter price.~~

b.e.Postage must be paid by permit imprint only.

1420.6 Prices

Carrier Route

a. Destination Entry

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.604</u>	<u>0.774</u>	<u>1.277</u>	<u>1.277</u>	<u>1.277</u>	<u>1.277</u>
Per Pound	<u>0.038</u>	<u>0.072</u>	<u>0.100</u>	<u>0.129</u>	<u>0.177</u>	<u>0.247</u>

b. Other Than Destination Entry

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zones 8 & 9
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>1.389</u>	<u>1.389</u>	<u>1.389</u>	<u>1.389</u>	<u>1.389</u>	<u>1.389</u>	<u>1.389</u>
Per Pound	<u>0.185</u>	<u>0.221</u>	<u>0.269</u>	<u>0.332</u>	<u>0.407</u>	<u>0.469</u>	<u>0.613</u>

Package Services
Bound Printed Matter Parcels

Presorted

a. Destination Entry

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.730</u>	<u>0.900</u>	<u>1.403</u>	<u>1.403</u>	<u>1.403</u>	<u>1.403</u>
Per Pound	<u>0.038</u>	<u>0.072</u>	<u>0.100</u>	<u>0.129</u>	<u>0.177</u>	<u>0.247</u>

b. Other Than Destination Entry

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zones 8 & 9
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>1.515</u>	<u>1.515</u>	<u>1.515</u>	<u>1.515</u>	<u>1.515</u>	<u>1.515</u>	<u>1.515</u>
Per Pound	<u>0.185</u>	<u>0.221</u>	<u>0.269</u>	<u>0.332</u>	<u>0.407</u>	<u>0.469</u>	<u>0.613</u>

*Package Services
Bound Printed Matter Parcels**Nonpresorted*

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
1.0	2.54	2.60	2.66	2.75	2.87	2.93	3.14
1.5	2.54	2.60	2.66	2.75	2.87	2.93	3.14
2.0	2.66	2.74	2.82	2.94	3.10	3.18	3.46
2.5	2.78	2.88	2.98	3.13	3.33	3.43	3.78
3.0	2.90	3.02	3.14	3.32	3.56	3.68	4.10
3.5	3.03	3.17	3.31	3.52	3.80	3.94	4.44
4.0	3.15	3.31	3.47	3.71	4.03	4.19	4.76
4.5	3.27	3.45	3.63	3.90	4.26	4.44	5.08
5.0	3.39	3.59	3.79	4.09	4.49	4.69	5.40
6.0	3.63	3.87	4.11	4.47	4.95	5.19	6.04
7.0	3.88	4.16	4.44	4.86	5.43	5.71	6.70
8.0	4.12	4.44	4.76	5.25	5.90	6.22	7.35
9.0	4.36	4.72	5.08	5.63	6.36	6.72	7.99
10.0	4.60	5.00	5.40	6.01	6.82	7.22	8.63
11.0	4.85	5.30	5.75	6.42	7.31	7.76	9.32
12.0	5.09	5.58	6.07	6.80	7.77	8.26	9.96
13.0	5.33	5.86	6.39	7.18	8.23	8.76	10.60
14.0	5.58	6.15	6.72	7.57	8.70	9.27	11.26
15.0	5.82	6.43	7.04	7.95	9.17	9.78	11.91

*Package Services
Media Mail/Library Mail***1425 Media Mail/Library Mail**

1425.6 Prices

Media Mail

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)	
1	<u>1.82</u>	<u>2.51</u>	<u>2.63</u>	
2	<u>2.31</u>	<u>3.00</u>	<u>3.12</u>	
3	<u>2.80</u>	<u>3.49</u>	<u>3.61</u>	
4	<u>3.29</u>	<u>3.98</u>	<u>4.10</u>	
5	<u>3.78</u>	<u>4.47</u>	<u>4.59</u>	
6	<u>4.27</u>	<u>4.96</u>	<u>5.08</u>	
7	<u>4.76</u>	<u>5.45</u>	<u>5.57</u>	
8	<u>5.24</u>	<u>5.93</u>	<u>6.05</u>	
9	<u>5.72</u>	<u>6.41</u>	<u>6.53</u>	
10	<u>6.20</u>	<u>6.89</u>	<u>7.01</u>	
11	<u>6.68</u>	<u>7.37</u>	<u>7.49</u>	
12	<u>7.16</u>	<u>7.85</u>	<u>7.97</u>	
13	<u>7.64</u>	<u>8.33</u>	<u>8.45</u>	
14	<u>8.12</u>	<u>8.81</u>	<u>8.93</u>	
15	<u>8.60</u>	<u>9.29</u>	<u>9.41</u>	
16	<u>9.08</u>	<u>9.77</u>	<u>9.89</u>	
17	<u>9.56</u>	<u>10.25</u>	<u>10.37</u>	
18	<u>10.04</u>	<u>10.73</u>	<u>10.85</u>	
19	<u>10.52</u>	<u>11.21</u>	<u>11.33</u>	
20	<u>11.00</u>	<u>11.69</u>	<u>11.81</u>	
21	<u>11.48</u>	<u>12.17</u>	<u>12.29</u>	
22	<u>11.96</u>	<u>12.65</u>	<u>12.77</u>	
23	<u>12.44</u>	<u>13.13</u>	<u>13.25</u>	
24	<u>12.92</u>	<u>13.61</u>	<u>13.73</u>	
25	<u>13.40</u>	<u>14.09</u>	<u>14.21</u>	

Package Services
Media Mail/Library Mail*Media Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)	
26	<u>13.88</u>	<u>14.57</u>	<u>14.69</u>	
27	<u>14.36</u>	<u>15.05</u>	<u>15.17</u>	
28	<u>14.84</u>	<u>15.53</u>	<u>15.65</u>	
29	<u>15.32</u>	<u>16.01</u>	<u>16.13</u>	
30	<u>15.80</u>	<u>16.49</u>	<u>16.61</u>	
31	<u>16.28</u>	<u>16.97</u>	<u>17.09</u>	
32	<u>16.76</u>	<u>17.45</u>	<u>17.57</u>	
33	<u>17.24</u>	<u>17.93</u>	<u>18.05</u>	
34	<u>17.72</u>	<u>18.41</u>	<u>18.53</u>	
35	<u>18.20</u>	<u>18.89</u>	<u>19.01</u>	
36	<u>18.68</u>	<u>19.37</u>	<u>19.49</u>	
37	<u>19.16</u>	<u>19.85</u>	<u>19.97</u>	
38	<u>19.64</u>	<u>20.33</u>	<u>20.45</u>	
39	<u>20.12</u>	<u>20.81</u>	<u>20.93</u>	
40	<u>20.60</u>	<u>21.29</u>	<u>21.41</u>	
41	<u>21.08</u>	<u>21.77</u>	<u>21.89</u>	
42	<u>21.56</u>	<u>22.25</u>	<u>22.37</u>	
43	<u>22.04</u>	<u>22.73</u>	<u>22.85</u>	
44	<u>22.52</u>	<u>23.21</u>	<u>23.33</u>	
45	<u>23.00</u>	<u>23.69</u>	<u>23.81</u>	
46	<u>23.48</u>	<u>24.17</u>	<u>24.29</u>	
47	<u>23.96</u>	<u>24.65</u>	<u>24.77</u>	
48	<u>24.44</u>	<u>25.13</u>	<u>25.25</u>	
49	<u>24.92</u>	<u>25.61</u>	<u>25.73</u>	
50	<u>25.40</u>	<u>26.09</u>	<u>26.21</u>	

Package Services
Media Mail/Library Mail*Media Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)	
51	<u>25.88</u>	<u>26.57</u>	<u>26.69</u>	
52	<u>26.36</u>	<u>27.05</u>	<u>27.17</u>	
53	<u>26.84</u>	<u>27.53</u>	<u>27.65</u>	
54	<u>27.32</u>	<u>28.01</u>	<u>28.13</u>	
55	<u>27.80</u>	<u>28.49</u>	<u>28.61</u>	
56	<u>28.28</u>	<u>28.97</u>	<u>29.09</u>	
57	<u>28.76</u>	<u>29.45</u>	<u>29.57</u>	
58	<u>29.24</u>	<u>29.93</u>	<u>30.05</u>	
59	<u>29.72</u>	<u>30.41</u>	<u>30.53</u>	
60	<u>30.20</u>	<u>30.89</u>	<u>31.01</u>	
61	<u>30.68</u>	<u>31.37</u>	<u>31.49</u>	
62	<u>31.16</u>	<u>31.85</u>	<u>31.97</u>	
63	<u>31.64</u>	<u>32.33</u>	<u>32.45</u>	
64	<u>32.12</u>	<u>32.81</u>	<u>32.93</u>	
65	<u>32.60</u>	<u>33.29</u>	<u>33.41</u>	
66	<u>33.08</u>	<u>33.77</u>	<u>33.89</u>	
67	<u>33.56</u>	<u>34.25</u>	<u>34.37</u>	
68	<u>34.04</u>	<u>34.73</u>	<u>34.85</u>	
69	<u>34.52</u>	<u>35.21</u>	<u>35.33</u>	
70	<u>35.00</u>	<u>35.69</u>	<u>35.81</u>	

Package Services
Media Mail/Library Mail*Library Mail*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)	
1	<u>1.73</u>	<u>2.38</u>	<u>2.50</u>	
2	<u>2.20</u>	<u>2.85</u>	<u>2.97</u>	
3	<u>2.67</u>	<u>3.32</u>	<u>3.44</u>	
4	<u>3.14</u>	<u>3.79</u>	<u>3.91</u>	
5	<u>3.61</u>	<u>4.26</u>	<u>4.38</u>	
6	<u>4.08</u>	<u>4.73</u>	<u>4.85</u>	
7	<u>4.55</u>	<u>5.20</u>	<u>5.32</u>	
8	<u>5.01</u>	<u>5.66</u>	<u>5.78</u>	
9	<u>5.47</u>	<u>6.12</u>	<u>6.24</u>	
10	<u>5.93</u>	<u>6.58</u>	<u>6.70</u>	
11	<u>6.39</u>	<u>7.04</u>	<u>7.16</u>	
12	<u>6.85</u>	<u>7.50</u>	<u>7.62</u>	
13	<u>7.31</u>	<u>7.96</u>	<u>8.08</u>	
14	<u>7.77</u>	<u>8.42</u>	<u>8.54</u>	
15	<u>8.23</u>	<u>8.88</u>	<u>9.00</u>	
16	<u>8.69</u>	<u>9.34</u>	<u>9.46</u>	
17	<u>9.15</u>	<u>9.80</u>	<u>9.92</u>	
18	<u>9.61</u>	<u>10.26</u>	<u>10.38</u>	
19	<u>10.07</u>	<u>10.72</u>	<u>10.84</u>	
20	<u>10.53</u>	<u>11.18</u>	<u>11.30</u>	
21	<u>10.99</u>	<u>11.64</u>	<u>11.76</u>	
22	<u>11.45</u>	<u>12.10</u>	<u>12.22</u>	
23	<u>11.91</u>	<u>12.56</u>	<u>12.68</u>	
24	<u>12.37</u>	<u>13.02</u>	<u>13.14</u>	
25	<u>12.83</u>	<u>13.48</u>	<u>13.60</u>	

Package Services
Media Mail/Library Mail*Library Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)	
26	<u>13.29</u>	<u>13.94</u>	<u>14.06</u>	
27	<u>13.75</u>	<u>14.40</u>	<u>14.52</u>	
28	<u>14.21</u>	<u>14.86</u>	<u>14.98</u>	
29	<u>14.67</u>	<u>15.32</u>	<u>15.44</u>	
30	<u>15.13</u>	<u>15.78</u>	<u>15.90</u>	
31	<u>15.59</u>	<u>16.24</u>	<u>16.36</u>	
32	<u>16.05</u>	<u>16.70</u>	<u>16.82</u>	
33	<u>16.51</u>	<u>17.16</u>	<u>17.28</u>	
34	<u>16.97</u>	<u>17.62</u>	<u>17.74</u>	
35	<u>17.43</u>	<u>18.08</u>	<u>18.20</u>	
36	<u>17.89</u>	<u>18.54</u>	<u>18.66</u>	
37	<u>18.35</u>	<u>19.00</u>	<u>19.12</u>	
38	<u>18.81</u>	<u>19.46</u>	<u>19.58</u>	
39	<u>19.27</u>	<u>19.92</u>	<u>20.04</u>	
40	<u>19.73</u>	<u>20.38</u>	<u>20.50</u>	
41	<u>20.19</u>	<u>20.84</u>	<u>20.96</u>	
42	<u>20.65</u>	<u>21.30</u>	<u>21.42</u>	
43	<u>21.11</u>	<u>21.76</u>	<u>21.88</u>	
44	<u>21.57</u>	<u>22.22</u>	<u>22.34</u>	
45	<u>22.03</u>	<u>22.68</u>	<u>22.80</u>	
46	<u>22.49</u>	<u>23.14</u>	<u>23.26</u>	
47	<u>22.95</u>	<u>23.60</u>	<u>23.72</u>	
48	<u>23.41</u>	<u>24.06</u>	<u>24.18</u>	
49	<u>23.87</u>	<u>24.52</u>	<u>24.64</u>	
50	<u>24.33</u>	<u>24.98</u>	<u>25.10</u>	

Package Services
Media Mail/Library Mail*Library Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)	
51	<u>24.79</u>	<u>25.44</u>	<u>25.56</u>	
52	<u>25.25</u>	<u>25.90</u>	<u>26.02</u>	
53	<u>25.71</u>	<u>26.36</u>	<u>26.48</u>	
54	<u>26.17</u>	<u>26.82</u>	<u>26.94</u>	
55	<u>26.63</u>	<u>27.28</u>	<u>27.40</u>	
56	<u>27.09</u>	<u>27.74</u>	<u>27.86</u>	
57	<u>27.55</u>	<u>28.20</u>	<u>28.32</u>	
58	<u>28.01</u>	<u>28.66</u>	<u>28.78</u>	
59	<u>28.47</u>	<u>29.12</u>	<u>29.24</u>	
60	<u>28.93</u>	<u>29.58</u>	<u>29.70</u>	
61	<u>29.39</u>	<u>30.04</u>	<u>30.16</u>	
62	<u>29.85</u>	<u>30.50</u>	<u>30.62</u>	
63	<u>30.31</u>	<u>30.96</u>	<u>31.08</u>	
64	<u>30.77</u>	<u>31.42</u>	<u>31.54</u>	
65	<u>31.23</u>	<u>31.88</u>	<u>32.00</u>	
66	<u>31.69</u>	<u>32.34</u>	<u>32.46</u>	
67	<u>32.15</u>	<u>32.80</u>	<u>32.92</u>	
68	<u>32.61</u>	<u>33.26</u>	<u>33.38</u>	
69	<u>33.07</u>	<u>33.72</u>	<u>33.84</u>	
70	<u>33.53</u>	<u>34.18</u>	<u>34.30</u>	

1600 Negotiated Service Agreements

1601 Domestic

1601.5 PHI Acquisitions, Inc. Negotiated Service Agreement

1601.5.1 Eligible Mail

PHI Acquisitions, Inc. Eligible Mail (PHI Eligible Mail) is flat-shaped ~~Standard Mail~~USPS Marketing Mail within the High Density and Saturation Flats/Parcels and Carrier Route products, which bear a Full-service Intelligent Mail Barcode (IMb) and is sent by PHI and by entities in which PHI holds controlling shares, and by vendors on behalf of PHI. Only PHI Eligible Mail is eligible for discounts. At least 90 percent of PHI's overall annual ~~Standard Mail~~USPS Marketing Mail new titles or changes the permit numbers for existing titles to enter PHI Eligible Mail, PHI must notify the Postal Service within 30 days of the creation of the new permit number.

1601.5.5 Acquisition or Creation of New Catalog Title

- b. The adjustment shall be based on mail volumes equal to 80 percent of the total ~~Standard Mail~~USPS Marketing Mail flats mailed by the acquired catalog brand or title in each of the four most recent, completed Agreement Quarters preceding the closing date of acquisition.

Part C—Glossary of Terms and Conditions
3000 Glossary of Terms and Conditions

3003 B

Balloon Price

A price charged for ~~Priority Mail and Standard Post~~ items that weigh less than ~~15~~20 pounds and measure more than 84 inches but no more than 108 inches in combined length and girth.

Basic Carrier Route

The basic carrier route category applies to ~~Standard Mail~~USPS Marketing Mail sorted by carrier route and presented in sequenced order.

3004 C

Customized MarketMail (CMM)

A customized mailpiece, typically used in advertising, which may be nonrectangular in shape, and mailed as ~~Standard Mail~~USPS Marketing Mail. CMM is provided as an exception to the general requirement for all mailpieces to be rectangular in shape.

3005 D

~~*DFSS (Destination Flat Sequencing System Facility)*~~

~~A destination facility equipped with flats sequencing systems equipment~~

Detached Address Label (DAL)

Paper or cardboard stock used to carry address information separate from a host mailpiece when preparing a mailing of unaddressed host Periodicals flats, ~~Standard Mail~~USPS Marketing Mail flats or merchandise samples, or Bound Printed Matter.

3007 F

FSS Scheme Bundle

~~A bundle in which all pieces can be processed using the same FSS sort program~~

FSS Facility Container

~~A pallet, sack, or tray on which all bundles are prepared for FSS sort programs used at one processing facility~~

FSS Scheme Container

~~A pallet, sack, or tray on which all bundles are prepared for the same FSS sort program~~

3017 P

Postage and Fee Payment

Postage and fees must be fully prepaid on all domestic mail at the time of mailing, except as authorized by law or this Schedule. Except as authorized by law or this Schedule, domestic mail deposited without prepayment of sufficient postage shall be delivered to the addressee subject to payment of deficient postage, returned to the sender, or otherwise disposed of as specified in the Domestic Mail Manual. Parcel ~~Select~~ Return Service mail may be retrieved by the permit holder prior to payment of postage, as specified in the Domestic Mail Manual. Matter authorized for mailing without prepayment of postage must bear markings identifying the class of mail service. Matter not so marked, or ineligible for the service marked, will be billed at the applicable price of postage for First-Class Mail or Priority Mail, depending on weight. Mail deposited without any postage affixed will be returned to the sender without any attempt at delivery. When postage is paid by a customer with an authorized Postal Service account, postage payment may be deferred until the mail is verified in the mailstream. If the postage due cannot be determined, the customer will be charged a per-piece (or per-container) rate equal to the average of postage previously paid.

3018 Q*Qualified Business Reply Mail (QBRM)*

Letter or postcard shaped Business Reply Mail provided to senders by the recipient (an advance deposit account ~~Business Reply Mail~~ permit holder) for return to the recipient, and approved in advance by the Postal Service as eligible to be returned at QBRM prices. The mailpiece bears the recipient's preprinted machine-readable return address, a barcode, and a Facing Identification Mark, and must be approved in advance by the Postal Service for compliance with machinability, addressing, barcoding, marking, and preparation requirements.

3019 R

Ride-Along Mailpiece

~~Standard Mail~~ USPS Marketing Mail material paid at the Periodicals Ride-Along price that is attached to or enclosed with Periodicals mail. All Periodicals products may enclose eligible material at the Ride-Along price. Only one Ride-Along piece may be attached to or enclosed with an individual copy of Periodicals mail.

3020 S

~~Standard Mail~~ USPS Marketing Mail Forwarding-and-Return Service

Mailers of ~~Standard Mail~~ USPS Marketing Mail have the option of requesting that undeliverable-as-addressed mail, except Customized MarketMail, be forwarded or returned. This is separate from Shipper-Paid Forwarding, an Ancillary Special Service. Mailpieces requesting Forwarding-and-Return Service must meet specified preparation and payment requirements and bear endorsements. When Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, returned pieces pay the applicable First-Class Mail price and forwarded pieces pay prices based on the shape. When Forwarding-and-Return Service is not used in conjunction with electronic or automated Address Correction Service, then returned pieces are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a designated factor. Separate Address Correction Service fees apply when used in conjunction with Forwarding-and-Return Service.

APPENDIX A

LIST OF CHAIRMAN'S AND COMMISSION INFORMATION REQUESTS, RESPONSES OF THE UNITED STATES POSTAL SERVICE, AND RELATED FILINGS

Chairman's Information Requests

Chairman's Information Request No. 1, October 13, 2016	(CHIR No. 1)
Chairman's Information Request No. 2, October 18, 2016	(CHIR No. 2)
Chairman's Information Request No. 3, October 19, 2016	(CHIR No. 3)
Chairman's Information Request No. 4, October 21, 2016	(CHIR No. 4)
Chairman's Information Request No. 5, October 27, 2016	(CHIR No. 5)
Chairman's Information Request No. 6, October 27, 2016	(CHIR No. 6)
Chairman's Information Request No. 7, October 31, 2016	(CHIR No. 7)
Chairman's Information Request No. 8, November 1, 2016	(CHIR No. 8)
Chairman's Information Request No. 9, November 3, 2016	(CHIR No. 9)

Responses to Chairman's Information Requests

Response of United States Postal Service to Chairman's Information Request No. 1, Question 1, October 14, 2016 (October 14 Response to CHIR No. 1)

Response of United States Postal Service to Chairman's Information Request No. 1, Question 2, October 17, 2016 (October 17 Response to CHIR No. 1)

Response of United States Postal Service to Questions 3(B)-(C) and 5 of Chairman's Information Request No. 2, October 19, 2016 (October 19 Response to CHIR No. 2)

Response of United States Postal Service to Questions 1, 2(a), 3(a), 4, 6, and 7 of Chairman's Information Request No. 2, October 21, 2016 (October 21 Response to CHIR No. 2)

Response of United States Postal Service to Questions 2 and 3 of Chairman's Information Request No. 3, October 24, 2016 (October 24 Response to CHIR No. 3)

Response of United States Postal Service to Questions 2(B-C) of Chairman's Information Request No. 2, October 25, 2016 (October 25 Response to CHIR No. 2)

Response of United States Postal Service to Questions 1 and 4 of Chairman's Information Request No. 3, October 26, 2016 (October 26 Response to CHIR No. 3)

Response of United States Postal Service to Questions 2-8 of Chairman's Information Request No. 4, October 26, 2016 (October 26 Response to CHIR No. 4)

Response of United States Postal Service to Question 1 of Chairman's Information Request No. 5, October 28, 2016 (October 28 Response to CHIR No. 5)

Response of United States Postal Service to Question 1 of Chairman's Information Request No. 4, October 28, 2016 (October 28 Response to CHIR No. 4)

Response of United States Postal Service to Questions 2, and 6-9 of Chairman's Information Request No. 5, October 31, 2016 (October 31 Response to CHIR No. 5)

Response of United States Postal Service to Chairman's Information Request No. 6, November 1, 2016 (November 1 Response to CHIR No. 6)

Response of United States Postal Service to Question 5 of Chairman's Information Request No. 5, November 2, 2016 (November 2 Response to CHIR No. 5)

Response of United States Postal Service to Question 4(a)-(d) of Chairman's Information Request No. 5, November 4, 2016 (November 4 Response to CHIR No. 5)

Response of the United States Postal Service to Chairman's Information Request No. 8, November 4, 2016 (November 4 Response to CHIR No. 8)

Response of the United States Postal Service to Question 2 of Chairman's Information Request No. 7, November 4, 2016 (November 4 Response to CHIR No. 7)

Response of the United States Postal Service to Chairman's Information Request No. 9, November 7, 2016 (November 7 Response to CHIR No. 9)

Response of United States Postal Service to Question 4(a) of Chairman's Information Request No. 5, November 7, 2016 (November 7 Response to CHIR No. 5)

Response of United States Postal Service to Question 4(a), (e), and (f) of Chairman's Information Request No. 5, November 8, 2016 (November 8 Response to CHIR No. 5)

Response of United States Postal Service to Question 3 of Chairman's Information Request No. 5, November 9, 2016 (November 9 Response to CHIR No. 5)

Response of United States Postal Service to Chairman's Information Request No. 7, Question 1, November 9, 2016 (November 9 Response to CHIR No. 7)

Commission Information Requests

Commission Information Request No. 1, October 26, 2016 (CIR No. 1)

Responses to Commission Information Requests

Response of the United States Postal Service to Commission Information Request No. 1, October 31, 2016 (October 31 Response to CIR No. 1)

Motions for Late Acceptance of Responses¹

Motion for Late Acceptance of Response of United States Postal Service to Questions 2(B-C) of Chairman's Information Request No. 2, October 25, 2016

Motion of United States Postal Service for Late Acceptance of Responses to Questions 1 and 4 of Chairman's Information Request No. 3, October 26, 2016

Motion of the United States Postal Service for Late Acceptance of Its Response to Question 1 of Chairman's Information Request No. 4, October 28, 2016

Motion of the United States Postal Service for Late Acceptance of Its Response to Question 5 of Chairman's Information Request No. 5, November 2, 2016

Motion of the United States Postal Service for Late Acceptance of Its Response to Questions 4(a)-(d) of Chairman's Information Request No. 5, November 4, 2016

Motion of the United States Postal Service for Late Acceptance of Its Response to Question 2 of Chairman's Information Request No. 7, November 4, 2016

Motion of the United States Postal Service for Late Acceptance of Its Responses to Question 4(a) of Chairman's Information Request No. 5, November 7, 2016

¹ Each of these motions is granted.

Motion of the United States Postal Service for Late Acceptance of Its Responses to Question 4(a), (e), and (f) of Chairman's Information Request No. 5, November 8, 2016

Motion of the United States Postal Service for Late Acceptance of Its Response to Question 3 of Chairman's Information Request No. 5, November 9, 2016

Motion of the United States Postal Service for Late Acceptance of Its Response to Question 1 of Chairman's Information Request No. 7, November 9, 2016

APPENDIX B**LIST OF COMMENTERS AND COMMENTS**

Commenter	Citation	Citation Short Form
American Catalog Mailers Association (ACMA)	Comments of the American Catalog Mailers Association (ACMA), November 1, 2016	ACMA Comments
American Consumer Institute Center for Citizen Research (ACI)	Comments of the American Consumer Institute Center for Citizen Research, October 28, 2016	ACI Comments
Alex Belleque	Letter from Alex Belleque in Opposition to [R2017-1], October 27, 2016	Belleque Comments
Greeting Card Association (GCA)	Comments of the Greeting Card Association, November 1, 2016	GCA Comments
National Association of Presort Mailers, National Postal Policy Council, Major Mailers Association, and Association for Mail Electronic Enhancement (collectively, "Joint Commenters")	Comments of the National Association of Presort Mailers, National Postal Policy Council, Major Mailers Association, and Association for Mail Electronic Enhancement, November 1, 2016	Joint Comments
Pitney Bowes Inc. (Pitney Bowes)	Comments of Pitney Bowes Inc., November 1, 2016	Pitney Bowes Comments
Association for Postal Commerce (PostCom)	Comments of the Association for Postal Commerce, November 1, 2016	PostCom Comments
Public Representative	Public Representative Comments, November 1, 2016	PR Comments
Small Business & Entrepreneurship Council (SBE Council)	Comments of Small Business & Entrepreneurship Council, November 1, 2016	SBE Council Comments
Stamps.com	Comments of Stamps.com, November 1, 2016	Stamps.com Comments
Taxpayers Protection Alliance (TPA)	Comments of Taxpayers Protection Alliance (TPA), November 1, 2016	TPA Comments

Commenter	Citation	Citation Short Form
Valpak Direct Marketing Systems, Inc. and the Valpak Franchise Association, Inc. (Valpak)	Valpak Direct Marketing Systems, Inc. and the Valpak Franchise Association, Inc. Comments on the United States Postal Service Notice of Market-Dominant Price Adjustment, November 1, 2016	Valpak Comments