

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

RESTRUCTURING FIRST-CLASS MAIL PARCEL
PRODUCT OFFERINGS

Docket No. MC2011-22

REQUEST OF THE UNITED STATES POSTAL SERVICE UNDER SECTION 3642

In accordance with 39 U.S.C. § 3642 and 39 C.F.R. § 3020.30 *et seq.*, the United States Postal Service hereby requests that the following changes be made to the market-dominant and competitive product lists: (1) remove commercial First-Class Mail Parcels¹ from the market-dominant product list; and (2) add a new product, provisionally titled “Lightweight Commercial Parcels,” to the competitive product list.² Retail single-piece First-Class Mail Parcels will remain on the market-dominant product list.

Pursuant to 39 U.S.C. § 404(b) and 39 C.F.R. § 3.4(f), the Governors authorized this Request on February 8, 2011; a copy of the Governors’ resolution is included at Attachment A. Attachment B contains a Statement of Supporting Justification, which demonstrates that the Request fulfills the criteria set forth in Section 3642 for making changes to the market-dominant and competitive product lists. The proposed Mail Classification Schedule (MCS) language appears at Attachment C. As required by 39 U.S.C. § 3642(d)(1), a notice describing the Request is being published in the Federal Register.

¹ As used in this Request, the term “commercial First-Class Mail Parcels” encompasses both First-Class Mail Commercial Base Parcels and First-Class Mail Commercial Plus Parcels.

² Once the new product’s name is finalized, the Postal Service will provide the final name and finalized MCS in a supplemental filing in this Docket.

As discussed in the Statement of Supporting Justification, commercial First-Class Mail Parcels, as currently structured, is essentially a fulfillment shipping product, and it competes with an assortment of comparable products offered by competitors at prices attractive to fulfillment shippers. Though it is currently classified on the market-dominant product list, it fulfills all of the criteria for competitive products under section 3642, except for the fact that it may contain items classified as “letters” under the Private Express Statutes.³

The Postal Service therefore requests that commercial First-Class Mail Parcels be removed from the market-dominant list, and that a functionally similar product called Lightweight Commercial Parcels be added to the competitive product list. As described in the proposed MCS, Lightweight Commercial Parcels would be identical to the current commercial First-Class Mail Parcels, except that it would include a content restriction prohibiting the inclusion of items classified as “letters” under the Private Express Statutes. Approving the Request will recognize the competitive nature of the marketplace that commercial First-Class Mail Parcels serves and grant the Postal Service the pricing and negotiation flexibility enjoyed by competitors that offer comparable products. As described in the Statement of Supporting Justification, the proposed changes fulfill all of the criteria set forth in 39 C.F.R. § 3020.32.

³ See 39 C.F.R. § 310.1.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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

Resolution No. 11-3

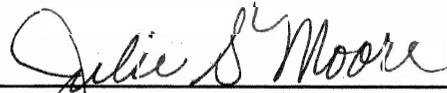
**Restructuring First-Class Mail
Parcel Product Offerings**

RESOLVED:

Pursuant to section 3642 of title 39, United States Code, the Postal Service shall file a request with the Postal Regulatory Commission to transfer commercial First-Class Mail Parcels from the market-dominant product list to the competitive product list.

Postal management is directed to provide the required public notice and to file with the Postal Regulatory Commission the transfer request and supporting documents, in accordance with Part 3020 of Title 39, Code of Federal Regulations.

The foregoing Resolution was adopted by the Governors on February 8, 2011.



Julie S. Moore
Secretary, Board of Governors

Statement of Supporting Justification

I, Marc D. McCrery, Manager of Specialty Shipping, sponsor the Postal Service's Request that the Postal Regulatory Commission: (1) remove commercial First-Class Mail Parcels from the market-dominant product list; and (2) add Lightweight Commercial Parcels to the competitive product list, as outlined in the proposed Mail Classification Schedule (MCS) language. This Statement supports the Request by providing the information required by each applicable subsection of 39 C.F.R. § 3020.32, as indicated below. I attest to the accuracy of the information contained herein.

(a) Demonstrate why the change is in accordance with the policies and the applicable criteria of chapter 36 of title 39 of the United States Code.

As demonstrated below in subsections (b) through (i), the change complies with the applicable statutory provisions.

(b) Explain why, as to market dominant products, the change is not inconsistent with each requirement of 39 U.S.C. 3622(d), and that it advances the objectives of 39 U.S.C. 3622(b), taking into account the factors of 39 U.S.C. 3622(c).

Section 3622 establishes the system for regulating rates and classes for market-dominant products. Subsection (b) sets forth the regulatory system's objectives. Subsection (c) describes the factors the Commission shall take into account in establishing or revising the system. Subsection (d) delineates the process for raising rates. To the extent that the removal of commercial First-Class Mail Parcels from the market-dominant product list implicates the objectives and factors set forth in

subsections (b) and (c), it is consistent with them; it does not implicate the processes outlined in subsection (d).

After commercial First-Class Mail Parcels is removed from the market-dominant product list, customers will still be able to use retail single-piece First-Class Mail Parcels. Retail single-piece First-Class Mail Parcels offers a similar service as the current commercial First-Class Mail Parcels, but without the 5-Digit, 3-Digit, and ADC prices. So, for example, section 3622(b) objectives such as maintaining “predictability and stability in rates,”¹ “high quality service standards,”² and a “just and reasonable” schedule for rates and classifications³ shall continue to be met. Similarly, looking at the section 3622(c) factors, the availability of retail single-piece First-Class Mail Parcels will mean, for example, that there is an “available alternative means” to sending mail “at reasonable costs,”⁴ and that there will be an effective cap on prices for Lightweight Commercial Parcels so “the effect of rate increases”⁵ should not be significant.

(c) *Explain why, as to competitive products, the addition, deletion, or transfer will not result in the violation of any of the standards of 39 U.S.C. 3633.*

Section 3633 sets forth three standards for competitive products. Subsection (a)(1) prohibits the subsidization of competitive products by market-dominant products. Subsection (a)(2) requires that each competitive product cover its attributable costs. And subsection (a)(3) requires that all competitive products collectively cover an

¹ Section 3622(b)(2).

² Section 3622(b)(3).

³ Section 3622(b)(8).

⁴ Section 3622(c)(4).

⁵ Section 3622(c)(3).

appropriate share of Postal Service institutional costs, which the Commission has determined to be 5.5 percent.

In fiscal year 2010, commercial First-Class Mail Parcels had an estimated cost coverage of 109 percent.⁶ Given that this number is well above 100 percent, the addition of Lightweight Commercial Parcels to the competitive product list should not result in the subsidization of competitive products by market-dominant products. Similarly, the 109 percent cost coverage shows that Lightweight Commercial Parcels should, in all likelihood, cover its attributable costs. Therefore, subsections (a)(1) and (a)(2) of section 3633 will be satisfied.⁷ As to subsection (a)(3), the Commission will begin proceedings to reevaluate the 5.5 percent determination in December 2011, so the effect of the addition of Lightweight Commercial Parcels, if any, will be taken into account relatively quickly following the product's addition to the competitive product list.

(d) *Verify that the change does not classify as competitive a product over which the Postal Service exercises sufficient market power that it can, without risk of losing a significant level of business to other firms offering similar products: (1) set the price of such product substantially above costs; (2) raise prices significantly; (3) decrease quality; or (4) decrease output.*

⁶ See the cost analysis contained in CommFCMParcCostModel.zip, filed concurrently with this Request. Because, at the time of the filing of this Request, there is no data available for First-Class Mail Commercial Plus Parcels, the cost coverage estimate does not take First-Class Mail Commercial Plus Parcels into account. Given their pricing, however, the effect of First-Class Mail Commercial Plus Parcels, if any, on cost coverage should be positive.

⁷ If the content restriction results in changes to volume and revenue such that the Postal Service fears that Lightweight Commercial Parcels cost coverage will fall below 100 percent, the Postal Service will raise the product's rates to ensure that section 3633 continues to be satisfied. The Postal Service does not believe it is likely that the content restriction would have this effect.

Commercial First-Class Mail Parcels are generally used for fulfillment purposes by businesses selling merchandise, prescription drugs, and other similar items. Outside of expedited fulfillment orders (*i.e.*, guaranteed one- or two-day service), fulfillment companies generally have some flexibility as to when they want their parcels to arrive, and they use this flexibility to secure better rates. There are three segments to the under one pound market within which commercial First-Class Mail Parcels compete, with varying numbers of days from acceptance to delivery: (1) two-to-three-day air parcel services; (2) consolidator ground services; and (3) commercial carrier ground services. The table below shows the estimated market share distribution across these segments:

	2-to-3-Day Air		Consolidator Ground Services	Commercial Carrier Ground Services	Total
	USPS Commercial First-Class Parcels	Competitor two-to-three-day Air Parcels			
2009 Market Share by Volume	44%	5%	33%	18%	100%
2009 Market Share by Revenue	34%	22%	10%	34%	100%

Note: USPS Commercial First-Class Parcels and Consolidator Ground Services percentages were derived from fiscal year data, while the other percentages were derived from calendar year data. Source: Colography Group and USPS RPW

Beginning with the two-to-three-day air segment, the Postal Service has captured most of this segment's market share. Raising commercial First-Class Mail Parcel prices is unlikely to result in the loss of a significant level of business to competitor two-to-

three-day air parcels. However, the same competitors that provide two-to-three-day air parcel services also provide consolidator ground services, so it appears that they are focusing their efforts on capturing fulfillment volume via their consolidator ground services.

Consolidator ground services offer customers service commitments at or near First-Class Mail Parcel service standards at prices lower than First-Class Mail Parcel prices, by combining the consolidators' transportation and processing capabilities with last-mile delivery by the Postal Service. The major consolidators are FedEx SmartPost, UPS Mail Innovations, Streamlite, Blue Package Delivery, Newgistics, DHL Global Mail, Fairrington Transportation, Kaleidoscope Services, OSM Worldwide, ParcelPool, and SP Express. Consolidators specifically market their services as providing delivery times at or near First-Class Mail Parcel service standards but at lower prices. For example, UPS Mail Innovations' website states: "With our operational efficiencies, we are able to obtain better postal rates for customers, while providing transit times that are comparable to First-Class Mail®."⁸ It also states:

Using the reliability and strength of the UPS network, the U.S. Postal Service, our extensive national network of processing facilities, proprietary software, and technology enables us to consistently achieve domestic average transit times comparable to First-Class Mail® plus one day on all qualified mail. Our customers usually experience transit time improvements as well as cost savings.⁹

⁸ See <http://www.upsmailinnovations.com/about/index.html> (accessed on Feb. 23, 2011).

⁹ See <http://www.upsmailinnovations.com/services/index.html> (accessed on Feb. 23, 2011).

Similarly, Streamlite advertises the fact that it has “[r]ates lower than First Class,”¹⁰ making its competition with First-Class Mail Parcels explicit. Newgistics touts “[z]one skipping,” which “decreases delivery cycle times and costs while increasing customer satisfaction.”¹¹

It is clear, then, that consolidators compete with commercial First-Class Mail Parcels; given that they collectively have approximately one-third of the total market share, it is also clear that the consolidators compete effectively. Comparing consolidators’ 2009 shares of volume and revenue to commercial First-Class Mail Parcels’ 2009 shares of volume and revenue indicates that consolidators’ prices likely significantly undercut commercial First-Class Mail Parcel prices.¹² In this competitive environment – where the Postal Service has 44 percent of market share compared to consolidators’ 33 percent market share, and where its prices are already likely higher than consolidators’ prices – the Postal Service does not exercise sufficient market power that it can raise prices significantly without risking the loss of a significant level of business to competitors.

Additional competition for commercial First-Class Mail Parcels comes from the third segment of the market, commercial carrier ground services. Approximately 92

¹⁰ See <http://www.streamliteinc.com/en/TheDeliveryStream/LowCost.aspx> (accessed on Feb. 23, 2011).

¹¹ See http://www.newgistics.com/corp_services/corp_delivery/smallparcel.aspx (accessed on Feb. 23, 2011).

¹² As shown in the table on page 4, the Postal Service’s 44 percent of volume translates to 34 percent of revenue, while consolidators’ 33 percent of volume translates to 10 percent of revenue, indicating that consolidators’ prices are lower than those of the Postal Service. It also bears noting that consolidators explicitly advertise that they can beat Postal Service prices. Unfortunately, the Postal Service has been unable to find publicly available prices for the major consolidators. The major consolidators negotiate rates individually with their customers, so their prices generally remain nonpublic.

percent of under 70 pound parcels sent via commercial carrier ground services arrive at their destinations within one to three days.¹³ Thus, commercial carrier ground services offer a comparable alternative to commercial First-Class Mail Parcels and, as demonstrated by the table on page four, capture almost one-fifth of the market volume.

(e) *Explain whether or not each product that is the subject of the request is covered by the postal monopoly as reserved to the Postal Service under 18 U.S.C. 1696 subject to the exceptions set forth in 39 U.S.C. 601.*

As demonstrated by the attached MCS, the contents of Lightweight Commercial Parcels will be outside the scope of the letter monopoly, or for any letters contained in such parcels, within the scope of the exceptions or suspensions to the Private Express Statutes. As set forth in the MCS, Lightweight Commercial Parcels cannot contain items classified as “letters” under the Private Express Statutes.¹⁴ To the extent that parcels sent via Lightweight Commercial Parcels contain any documents, such documents would be expected to be comprised of only invoices, receipts, or incidental advertising. With respect to any invoices or receipts accompanying merchandise sent via Lightweight Commercial Parcels, the exception for cargo in 39 C.F.R. § 310.3(a) permits the inclusion of such matter because it both accompanies and relates “in all substantial respects to some part of the cargo or to the ordering, shipping or delivering of the cargo.” Incidental, non-addressed, non-personalized advertising enclosed in a Lightweight Commercial Parcels piece would also be within the scope of 39 C.F.R. § 320.7. This suspension permits the private carriage of advertisements "enclosed with

¹³ Source: Colography Group (based on calendar year 2009 data).

¹⁴ See 39 C.F.R. § 310.1 (defining a letter).

merchandise in parcels" to be carried privately, as long as the advertisements (i) are not marked with the names or addresses of intended recipients, and (ii) are incidental to the shipment of merchandise or periodicals.

(f) Provide a description of the availability and nature of enterprises in the private sector engaged in the delivery of the product.

Subsection (d) above describes the availability and nature of private sector competitors. The two major two-to-three-day air carriers other than the Postal Service are FedEx and UPS. FedEx and UPS are also the two major commercial carrier ground services. Prices for FedEx and UPS's ground services and two-to-three day air services vary based on weight and distance. The major consolidator ground services are listed in subsection (d) above. Consolidators' objective is to provide a lower cost and faster alternative to the Postal Service's parcel offerings. They attempt to achieve this via "zone skipping," meaning that they transport parcels closer to their delivery destination before entering them into the postal network, thereby skipping several postal processing centers, resulting in reduced transit time and handling and maximized postal discounts.

(g) Provide any information available on the views of those who use the product on the appropriateness of the proposed modification.

Given that service standards will remain the same after the proposed modification, customers' major concern would likely be the effect of the modification on prices. As noted earlier, from a business standpoint, the Postal Service cannot raise prices for Lightweight Commercial Parcels above the prices for retail single-piece First-

Class Mail Parcels; otherwise, Lightweight Commercial Parcels volume would shift to retail single-piece First-Class Mail Parcels. Thus, as a practical matter, prices for retail single-piece First-Class Mail Parcels will effectively act as a cap on Lightweight Commercial Parcels prices. Therefore, customers should not have major price concerns.

(h) Provide a description of the likely impact of the proposed modification on small business concerns.

The transfer of commercial First-Class Mail Parcels to the competitive product list is unlikely to result in a disproportionate impact on small business concerns. Given their lower volumes, it is likely that small businesses use commercial First-Class Mail Parcels less than larger businesses do. Therefore, most small businesses should not see significant changes to their mailing options as a result of the proposed modification.

(i) Include such information and data, and such statements of reasons and bases, as are necessary and appropriate to fully inform the Commission of the nature, scope, significance, and impact of the proposed modification.

Making the modifications to the market-dominant and competitive product lists requested herein would recognize that commercial First-Class Mail Parcels is a competitive product.¹⁵ They exist within a competitive market with multiple carriers and consolidators offering varying prices and service commitments. The table on page four shows that neither the Postal Service nor any of its competitors dominates this market. Removing commercial First-Class Mail Parcels from the market-dominant product list

¹⁵ To the extent that a current customer of commercial First-Class Mail Parcels needs to include a non-excepted letter in the new Lightweight Commercial Parcels, the customer could use retail single-piece First-Class Mail Parcels.

and creating a functionally similar Lightweight Commercial Parcels product on the competitive product list would grant the Postal Service the type of pricing and negotiation flexibility that its competitors enjoy and use to their advantage. At the same time, mail users will still be protected by the availability of retail single-piece First-Class Mai Parcels, which effectively constitutes a price cap on Lightweight Commercial Parcels. For these reasons, the Postal Service requests that the Commission approve this Request.

MAIL CLASSIFICATION CHANGES

(Additions are underlined and deletions are marked with strike-through)

Part A**Market Dominant Products**

1100 First-Class Mail

1120 Parcels

1120.1 Size and Weight Limitations

Retail (Single-Piece)

	Length	Height	Thickness	Weight
Minimum	large enough to accommodate postage, address, and other required elements on the address side			None
Maximum	108 inches in combined length and girth			13 ounces

Commercial Base (Single-Piece, ADC, 3-Digit, and 5-Digit)

	Length	Height	Thickness	Weight
Minimum	3.5 inches	3.0 inches	0.05 inch	None
Maximum	18 inches	15 inches	22 inch	13 ounces

Commercial Plus (Single-Piece, ADC, 3-Digit, and 5-Digit)

	Length	Height	Thickness	Weight
Minimum	6 inches	3.0 inches	0.25 inch	3.5 ounces
Maximum	18 inches	15 inches	22 inch	<16 ounces

Parcels (Keys and Identification Devices)

	Length	Height	Thickness	Weight
Minimum	not applicable			None
Maximum	not applicable			2 pounds

1120.2 Minimum Volume Requirements

		Minimum Volume Requirements
Parcels	Retail	None
	Commercial Base	
	Single-Piece	None
	ADG	500 pieces per mailing
	3-Digit	500 pieces per mailing
	5-Digit	500 pieces per mailing
	Commercial Plus	5000 pieces per year commitment
	Single-Piece	200 pieces or 50 pounds per mailing
	ADG	500 pieces per mailing
	3-Digit	500 pieces per mailing
	5-Digit	500 pieces per mailing
	Keys and Identification Devices	None

1120.3 Price Categories

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

- ~~Commercial Plus~~
 - ~~5-Digit~~
 - ~~3-Digit~~
 - ~~ADG~~
 - ~~Single-Piece~~
- ~~Commercial Base~~
 - ~~5-Digit~~
 - ~~3-Digit~~
 - ~~ADG~~
 - ~~Single-Piece~~
- Retail
 - Single-Piece
- Keys and Identification Devices (Payment is due on delivery unless an active business reply mail advance deposit account is used)

* * * * *

1120.5 Prices

Commercial Plus

Weight (ounces)	5-Digit (\$)	3-Digit* (\$)	ADC* (\$)	Single-Piece (\$)
≥3.5 and <16	3.210	3.410	3.610	3.890

* For parcels claiming 3-Digit or ADC prices, a \$0.05 surcharge applies if the parcels are not barcoded.

Commercial Base

Maximum Weight (ounces)	5-Digit (\$)	3-Digit* (\$)	ADC* (\$)	Single-Piece (\$)
1	1.122	1.254	1.340	1.56
2	1.122	1.254	1.340	1.56
3	1.122	1.254	1.340	1.56
4	1.292	1.424	1.510	1.73
5	1.462	1.594	1.680	1.90
6	1.632	1.764	1.850	2.07
7	1.802	1.934	2.020	2.24
8	1.972	2.104	2.190	2.41
9	2.142	2.274	2.360	2.58
10	2.312	2.444	2.530	2.75
11	2.482	2.614	2.700	2.92
12	2.652	2.784	2.870	3.09
13	2.822	2.954	3.040	3.26

* For parcels claiming 3-Digit or ADC prices, a \$0.05 surcharge applies if the parcels are not barcoded or are nonmachinable.

Retail

Maximum Weight (ounces)	Single-Piece (\$)
1	1.71
2	1.71
3	1.71
4	1.88
5	2.05
6	2.22
7	2.39
8	2.56
9	2.73
10	2.90
11	3.07
12	3.24
13	3.41

Keys and Identification Devices

Maximum Weight (ounces)	Keys and Identification Devices (\$)
1	2.46
2	2.46
3	2.46
4	2.63
5	2.80
6	2.97
7	3.14
8	3.31
9	3.48
10	3.65
11	3.82
12	3.99
13	4.16
1 (pound)	*
2 (pounds)	*

*Priority Mail Retail Zone 4 postage, plus \$0.75.

PART B COMPETITIVE PRODUCTS

2100 DOMESTIC PRODUCTS

2150 Lightweight Commercial Parcels2150.1 Description

- a. Any mailable matter may be mailed as Lightweight Commercial Parcels mail, except matter that meets the definition of "letter" in 39 C.F.R. § 310.1 and does not fit within any of the exceptions or suspensions to the Private Express Statutes in 39 C.F.R. Parts 310 and 320.
- b. Lightweight Commercial Parcels mail is not sealed against postal inspection. Mailing of matter as such constitutes consent by the mailer to postal inspection of the contents, regardless of the physical closure.
- c. Lightweight Commercial Parcels pieces that are undeliverable-as-addressed are entitled to be forwarded or returned to the sender without additional charge.
- d. An annual mailing fee is required to be paid at each office of mailing by any person who mails at presorted prices (1505.2). Payment of the fee allows the mailer to mail at Lightweight Commercial Parcels price.
- e. Attachments and Enclosures. First-Class Mail or Standard Mail pieces may be attached to or enclosed in Lightweight Commercial Parcels mail. Additional postage may be required.

2150.2 Size and Weight Limitations*Commercial Base (Single-Piece, ADC, 3-Digit, and 5-Digit)*

	<u>Length</u>	<u>Height</u>	<u>Thickness</u>	<u>Weight</u>
<u>Minimum</u>	<u>3.5 inches</u>	<u>3.0 inches</u>	<u>0.05 inch</u>	<u>None</u>
<u>Maximum</u>	<u>18 inches</u>	<u>15 inches</u>	<u>22 inch</u>	<u>13 ounces</u>

Commercial Plus (Single-Piece, ADC, 3-Digit, and 5-Digit)

	<u>Length</u>	<u>Height</u>	<u>Thickness</u>	<u>Weight</u>
<u>Minimum</u>	<u>6 inches</u>	<u>3.0 inches</u>	<u>0.25 inch</u>	<u>3.5 ounces</u>
<u>Maximum</u>	<u>18 inches</u>	<u>15 inches</u>	<u>22 inch</u>	<u><16 ounces</u>

2150.3 Minimum Volume Requirements

<u>Lightweight Commercial Parcels</u>	<u>Minimum Volume Requirements</u>
<u>Commercial Base</u>	
<u>Single-Piece</u>	<u>None</u>
<u>ADC</u>	<u>500 pieces per mailing</u>
<u>3-Digit</u>	<u>500 pieces per mailing</u>
<u>5-Digit</u>	<u>500 pieces per mailing</u>
<u>Commercial Plus</u>	<u>5000 pieces per year commitment</u>
<u>Single-Piece</u>	<u>200 pieces or 50 pounds per mailing</u>
<u>ADC</u>	<u>500 pieces per mailing</u>
<u>3-Digit</u>	<u>500 pieces per mailing</u>
<u>5-Digit</u>	<u>500 pieces per mailing</u>

2150.4 Price Categories

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

- Commercial Plus
 - 5-Digit
 - 3-Digit
 - ADC
 - Single-Piece
- Commercial Base
 - 5-Digit
 - 3-Digit
 - ADC
 - Single-Piece

2150.5 Optional Features

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

- Ancillary Services (1505)
 - Address Correction Service (1505.1)
 - Business Reply Mail (1505.3)
 - Certified Mail (1505.5)
 - Certificate of Mailing (1505.6)
 - Collect on Delivery (1505.7)
 - Delivery Confirmation (1505.8)
 - Insurance (1505.9)
 - Merchandise Return Service (1505.10)
 - Registered Mail (1505.12)
 - Return Receipt (1505.13)
 - Restricted Delivery (1505.15)
 - Signature Confirmation (1505.17)
 - Special Handling (1505.18)

2150.6 Prices

Commercial Plus

<u>Weight (ounces)</u>	<u>5-Digit (\$)</u>	<u>3-Digit* (\$)</u>	<u>ADC* (\$)</u>	<u>Single-Piece (\$)</u>
<u>≥3.5 and <16</u>	<u>3.210</u>	<u>3.410</u>	<u>3.610</u>	<u>3.890</u>

* For parcels claiming 3-Digit or ADC prices, a \$0.05 surcharge applies if the parcels are not barcoded.

Commercial Base

<u>Maximum Weight (ounces)</u>	<u>5-Digit (\$)</u>	<u>3-Digit* (\$)</u>	<u>ADC* (\$)</u>	<u>Single-Piece (\$)</u>
<u>1</u>	<u>1.122</u>	<u>1.254</u>	<u>1.340</u>	<u>1.56</u>
<u>2</u>	<u>1.122</u>	<u>1.254</u>	<u>1.340</u>	<u>1.56</u>
<u>3</u>	<u>1.122</u>	<u>1.254</u>	<u>1.340</u>	<u>1.56</u>
<u>4</u>	<u>1.292</u>	<u>1.424</u>	<u>1.510</u>	<u>1.73</u>
<u>5</u>	<u>1.462</u>	<u>1.594</u>	<u>1.680</u>	<u>1.90</u>
<u>6</u>	<u>1.632</u>	<u>1.764</u>	<u>1.850</u>	<u>2.07</u>
<u>7</u>	<u>1.802</u>	<u>1.934</u>	<u>2.020</u>	<u>2.24</u>
<u>8</u>	<u>1.972</u>	<u>2.104</u>	<u>2.190</u>	<u>2.41</u>
<u>9</u>	<u>2.142</u>	<u>2.274</u>	<u>2.360</u>	<u>2.58</u>
<u>10</u>	<u>2.312</u>	<u>2.444</u>	<u>2.530</u>	<u>2.75</u>
<u>11</u>	<u>2.482</u>	<u>2.614</u>	<u>2.700</u>	<u>2.92</u>

<u>12</u>	<u>2.652</u>	<u>2.784</u>	<u>2.870</u>	<u>3.09</u>
<u>13</u>	<u>2.822</u>	<u>2.954</u>	<u>3.040</u>	<u>3.26</u>

* For parcels claiming 3-Digit or ADC prices, a \$0.05 surcharge applies if the parcels are not barcoded or are nonmachinable.