

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

NOTICE OF MARKET-DOMINANT  
PRICE ADJUSTMENT

Docket No. R2013-10

UNITED STATES POSTAL SERVICE  
NOTICE OF MARKET-DOMINANT PRICE ADJUSTMENT  
(September 26, 2013)

Pursuant to section 3622 of title 39 and 39 C.F.R. part 3010, the United States Postal Service hereby provides notice that the Governors have authorized the Postal Service to adjust the prices for its market-dominant products. This adjustment will take effect at 12:01 a.m. on January 26, 2014, and affects all the market-dominant classes. This Notice is being filed today along with the Postal Service's *Renewed Exigent Request of the United States Postal Service in Response to Commission Order No. 1059* (Exigent Request).<sup>1</sup>

In this Notice, the Postal Service provides the information required by Rule 3010.14, including a schedule of the new prices set forth in Attachment A.<sup>2</sup> The Postal Service certifies that it will inform customers of these price adjustments, as required by Rule 3010.14(a)(3). In addition to this Notice, the Postal Service is publishing notice of these price changes on USPS.com, the Postal Explorer website, and the *DMM News Advisory*, as well as issuing a Press Release announcing the changes. Thus, widespread notice of these prices is being given prior to their planned implementation

<sup>1</sup> See Docket No. R2010-4, *Renewed Exigent Request of the United States Postal Service in Response to Commission Order No. 1059*, Section VIII (September 26, 2013).

<sup>2</sup> Attachment A also contains the proposed Mail Classification Schedule changes.

date. Furthermore, the Postal Service plans to provide public notice of these price changes in future issues of the *PCC Insider*, *Postal Bulletin*, and *Federal Register*.

The Postal Service, pursuant to Rule 3010.14(a)(4), identifies Mr. Steve Monteith as the official who will be available to provide responses to queries from the Commission. Mr. Monteith's contact information is as follows:

Mr. Steve Monteith  
Manager, Pricing  
475 L'Enfant Plaza S.W.  
Room 4136  
Washington, D.C. 20260-5015

The remainder of this Notice is structured as follows. In Part I, the Postal Service discusses its compliance with the price cap, which limits the average percentage price increase for each class of mail. In Part II, the Postal Service describes several temporary promotions that it is proposing as part of this filing. In Part III, the Postal Service provides a more detailed discussion of its prices, including the "workshare discounts" associated with the new prices. It also explains how the prices are consistent with the objectives and factors of section 3622, and the preferential pricing requirements of section 3626. In Part IV, the Postal Service describes the changes to the Mail Classification Schedule (MCS) related to this price change.

## **I. Price Cap Compliance**

In compliance with Rules 3010.14(b)(1) through (4), the following section discusses and describes the applicable CPI-U price cap, the amount of unused price adjustment authority available for each class of mail, the percentage change in prices for each class of mail, and the amount of any new unused price adjustment authority generated by this price change.

**A. Inflation-Based Price Adjustment Authority**

Based on the most recently available data from the Bureau of Labor Statistics, the Postal Service has inflation-based price adjustment authority of 0.636 percent for Special Services and 1.696 percent for all other mail classes. See Attachment C. This is based on the Consumer Price Index – All Urban Consumers, U.S. All Items (the “CUUR0000SA0” series), and is in accordance with the calculated percentage currently provided on the Commission’s website.

**B. Unused Price Adjustment Authority**

The existing unused rate authority, by class, is provided below.<sup>3</sup>

Table 1  
Available Unused Price Adjustment Authority,  
By Mail Class

Class	Unused Authority (%)
First-Class Mail®	-0.544
Standard Mail®	-0.441
Periodicals	-0.556
Package Services	-0.555
Special Services	3.678

**C. Overall Price Adjustment Authority**

In accordance with 39 C.F.R. § 3010.28, the Postal Service can use up to two percent of unused price adjustment authority for the Special Services class. Thus, the Postal Service is authorized to raise the prices for each class by the following percentages:

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<sup>3</sup> Order No. 1541, at 9, 62, 68; Order No. 1573 at 3. The banked amounts established in Docket No. R2013-1 include unused price adjustment authority from Docket No. R2008-1 (Order Nos. 66 and 69), which has since expired. Thus, the banked amounts in Table 1 are those reported in Order Nos. 1541 and 1573, minus the banked amounts reported from Order Nos. 66 and 69.

Table 2  
Price Adjustment Authority By Mail Class

Class	Price Adjustment Authority (%)
First-Class Mail	1.696
Standard Mail	1.696
Periodicals	1.696
Package Services	1.696
Special Services	2.636

**D. The New Prices**

The cap compliance calculation, as defined by the Commission, uses a set of fixed weights applied to the current and new prices to construct a weighted average price change for each market-dominant class. These fixed weights are the most recent twelve months of Postal Service billing determinants, with adjustments that are supported and reasonable. For example, these adjustments include elimination of rate cells active in the previous year, and the consequent assignment of billing determinants to more applicable rate cells. For each of the five classes (First-Class Mail, Standard Mail, Periodicals, Package Services, and Special Services), the resulting average price change must be less than or equal to the Postal Service’s available price adjustment authority in Table 2.

The new prices are in Attachment A. For each class, the Postal Service has prepared separate workpapers demonstrating how these prices comply with the price cap. These workpapers are designated as follows:

- USPS-LR-R2013-10/1                      First-Class Mail Workpapers
- USPS-LR-R2013-10/2                      Standard Mail Workpapers

USPS-LR-R2013-10/3	Periodicals Workpapers
USPS-LR-R2013-10/4	Package Services Workpapers
USPS-LR-R2013-10/5	Special Services Workpapers
USPS-LR-R2013-10/NP1	First-Class Mail International Workpapers

Each set of workpapers has a Preface that explains the contents in detail. The Preface in each of the first five workpapers provides an overview, a discussion of any necessary adjustments to the billing determinants for the four quarters ending Q3 FY 2013, and an explanation of the revenue calculations.

**E. Percentage Change by Mail Class**

As demonstrated in USPS-LR-R2013-1/1 through 5, the prices for each class comply with the annual limitation of price adjustment authority available to the Postal Service. The percentage change by class is as follows:

Table 3  
2013 Price Change Percentage by Mail Class

Class	Percent Change
First-Class Mail	1.587
Standard Mail	1.609
Periodicals	1.569
Package Services	1.565
Special Services	2.500

**F. Unused Pricing Authority Resulting From this Change**

For Periodicals and Package Services, this change adds to the unused pricing authority resulting from prior market-dominant price changes under the price cap. The

Postal Service calculates the unused price adjustment authority that it will have following this price change as follows:<sup>4</sup>

Table 4  
Unused Pricing Authority Available Following this Price Change

Class	Percentage Points
<b>First-Class Mail</b>	
R2013-1[1]	-0.544
R2013-10[2]	0.109
Total	-0.435
<b>Standard Mail</b>	
R2013-1 [1]	-0.441
R2013-10[2]	0.087
Total	-0.354
<b>Periodicals</b>	
R2013-1 [1]	-0.556
R2013-10 [2]	0.127
Total	-0.429
<b>Package Services</b>	
R2013-1 [1]	-0.555
R2013-10 [2]	0.131
Total	-0.424
<b>Special Services</b>	
R2013-7	3.678
R2013-10[2]	-1.864
Total	1.814

[1] Table 1.

[2] Cap Calculation worksheets (USPS-LR-R2013-10/1 through 5).

## II. Promotions and Incentives

As was the case in Docket No.R2013-1, in this filing the Postal Service seeks approval for a total of eight promotions, and one incentive, to be held during Calendar Year 2014. By seeking approval for these promotions and incentives in this price

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<sup>4</sup> To the extent that the calculated percentage change for any class is revised during the course of this proceeding (or upon the resolution of Docket No. R2010-4R) from what has been calculated by the Postal Service in this Notice, the Postal Service notes that the unused price adjustment authority should be adjusted, regardless of the figures set forth in this Table.

adjustment, the Postal Service continues to address a primary concern raised by customers in the past: that they did not have sufficient time to fully participate in the promotions.<sup>5</sup> Each promotion/incentive is outlined below and described in more detail (including estimated financial impacts) in Attachment D.<sup>6</sup> Additionally, the Postal Service is providing a discussion of the methodologies used to assess the performance of promotions and incentives in Attachment E.<sup>7</sup>

January-December 2014:

- *High Density and Saturation Incentive Program:* Saturation and High Density Letters and Flats/Parcels are two of the highest contribution products for the Postal Service. This proposed program provides an incentive in calendar year 2014 to current Saturation, High Density Plus and High Density customers to increase their letters and flats volume by rewarding them with a rebate on incremental mail pieces above a predetermined volume baseline. The volume baseline for each participant will be the aggregate total Saturation, High Density Plus, and High Density volume in CY2013 plus 2.0 percent. (EDDM Retail not included in the incentive). Incremental volumes above the customer baseline will be eligible for a rebate equal to 20 percent of the average revenue per piece for Saturation Mail and 15 percent for High Density Plus and High Density mail (rebate will be only 5 percent for nonprofit volume). Similar to past Saturation and High Density Mail incentives that began in May 2009, this program is

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<sup>5</sup> See, e.g. Docket No. R2011-5, Comments of the American Catalogue Mailers Association, at 1 (April 29, 2011); Docket No. R2011-5, Comments of Quad/Graphics Inc., at 3 (May 3, 2011).

<sup>6</sup> The Postal Service has provided cost estimates for each promotion and incentive in the excel files titled, *AttachmentD(promotions).xls* and *AttachmentD(Incentives).xls*, submitted with this pleading.

<sup>7</sup> Attachment E is being provided in accordance with the recommendations in the Government Accountability Office (GAO) report released July 25, 2013, titled Opportunities to Increase Revenue Exist with Competitive Products; Reviewing Long-Term Results Could Better Inform Promotions Decisions.

designed to encourage programmed or recurring mailers to increase their frequency of mailing in existing markets and expand their reach into new markets.

February-March 2014:

- *Branded Color Mobile Technology Promotion*: This promotion is designed to build on the success of prior mobile technology promotions by encouraging mailers to employ visually appealing mobile print technology . Mailers can qualify for this promotion by including, inside or on their direct mail pieces, a mobile barcode (such as Quick Response codes) or other mobile print technology that incorporates creative elements such as multiple colors and/or graphics, such as trademarks.

March-December 2014:

- *EDDM Coupon Program*: This program is designed to allow the Postal Service sales organization to distribute coupons to new small business customers. The coupons provide a \$50 or \$100 credit on postage for EDDM mailings.

April-June 2014:

- *Premium Advertising Promotion*: This promotion is intended to encourage marketers and advertisers to use First-Class Mail as a marketing vehicle.
- *Earned Value Reply Mail Promotion*: This promotion is designed to build upon the success of last year's Earned Value Reply Mail Promotion by continuing to encourage mailers to use First-Class Mail as a primary reply mechanism for their

customers. Business Reply Mail (BRM) and Courtesy Reply Mail (CRM) pieces continue to decline along with other Single-Piece First-Class Mail. This promotion encourages mailers to keep the BRM/CRM envelopes and cards in their outgoing mail pieces by providing them with a financial benefit when their customers mail back reply pieces.

May-June 2014:

- *Mail and Digital Personalization Promotion:* This promotion is designed to enhance the value of mail by encouraging mailers to use a mailpiece and URL in their marketing campaigns that is customized to individual mail recipients. Both the mailpiece and URL/website must be personalized to qualify for this promotion.

August-September 2014:

- *Emerging Technology Promotion: Featuring Near Field Communication:* This promotion is designed to build on the success of past promotions encouraging the integration of mail and mobile technology by promoting awareness of how innovative technology can be integrated with a direct mail strategy to enhance the value of direct mail. In particular, this year's Emerging Technology Promotion will feature Near Field Communication (NFC), as well as other qualifying technologies leading to a mobile experience.

August-December 2014:

- *Color Print in First-Class Mail Transactions Promotion:* The promotion is intended to encourage producers of bills and statements to send statements with

dynamic/variable color print. Industry experts and leaders have advised that statements that utilize color ink produce greater connection and response from consumers. The color messaging must be for marketing or consumer information purposes. The color messaging must be within the contents of the bill or statement and cannot be an addendum or separate page added to the bill or statement.

November-December 2014:

- *Mail Drives Mobile Commerce Promotion*: This promotion will build upon last year's "Mobile Buy-It Now" promotion and the upcoming Mail Drives Mobile Commerce promotion, by continuing to encourage marketers and retailers to utilize mobile print technology in direct mail and catalogs that, when scanned, facilitate purchases on mobile devices.

In this price adjustment, the Postal Service will only seek to preserve the additional cap space approved in Docket No. R2013-1 (\$9 million for First-Class Mail; \$24 million for Standard Mail) by continuing to offer similar mobile technology promotions (Branded Color Mobile Technology, Emerging Technologies, Mail and Digital Personalization, and Mail Drives Mobile Commerce) and the Earned Value Reply Mail promotion in 2014. As the Commission noted in the Tech Credit case earlier this year, the cap space generated by the 2013 mobile technology promotions would be subject to a price cap calculation only if the Postal Service "terminat[ed] the Docket No.

R2013-1 promotions in future years...”<sup>8</sup> Accordingly, no changes in cap space are justified based on these promotions.

### **III. Description of the Prices**

In compliance with Rules 3010.14(b)(7) and (8), the Postal Service in this section discusses 1) how its planned prices “help achieve” the objectives of section 3622(b) and “properly take into account” the factors of section 3622(c); and 2) how its planned prices are consistent with sections 3626, 3627, and 3629. In addition, the Postal Service discusses the workshare discounts included within the planned prices, as required by Rules 3010.14(b)(5) and (6).

#### **A. Objectives and Factors—Rule 3010.14(b)(7)**

The objectives of section 3622(b) are as follows:

“(b) Objectives—Such system shall be designed to achieve the following objectives, each of which shall be applied in conjunction with the others:

- (1) To maximize incentives to reduce costs and increase efficiency.
- (2) To create predictability and stability in rates.
- (3) To maintain high quality service standards established under section 3691.
- (4) To allow the Postal Service pricing flexibility.
- (5) To assure adequate revenues, including retained earnings, to maintain financial stability.
- (6) To reduce the administrative burden and increase the transparency of the ratemaking process.

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<sup>8</sup> Docket No. R2013-7, Order No. 1743, at 16 (June 10, 2013).

(7) To enhance mail security and deter terrorism.

(8) To establish and maintain a just and reasonable schedule for rates and classifications, however the objective under this paragraph shall not be construed to prohibit the Postal Service from making changes of unequal magnitude within, between, or among classes of mail.

(9) To allocate the total institutional costs of the Postal Service appropriately between market-dominant and competitive products.”<sup>9</sup>

These objectives underlie Congress’ mandate that there be a new, “modern system for regulating rates and classes for market-dominant products,” to replace the prior ratemaking system of the Postal Reorganization Act (PRA). 39 U.S.C. 3622(a). These principles are largely achieved through the design of the new regulatory system itself, rather than through the particulars of any one pricing change made pursuant to that system.

In this Notice, the Postal Service indicates its intention to increase its prices by the percentages specified in Table 3. Any price change made pursuant to the price cap structure set forth by section 3622(d) “helps achieve” many of these objectives (e.g., Objective 1, Objective 2, Objective 8).

Objective 1 states that the new regulatory system should “maximize incentives to reduce costs and increase efficiency.” Objective 2 requires that the regulatory system create “predictability and stability” in prices. These objectives are fulfilled by the Postal Service’s provision of advance notice of increases to prices on a predictable basis and consistent with inflation.

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<sup>9</sup> For ease of reference, each objective is henceforth referred to according to its placement in section 3622(b). For example, section 3622(b)(1) is referred to as Objective 1. A similar convention is used with respect to the “factors” of section 3622(c) below.

The objective that the pricing process be transparent (Objective 6) is fundamental to the new regulatory environment, and is achieved through the entirety of the regulatory filings made by the Postal Service throughout a year. In this Notice, the Postal Service demonstrates how its planned price adjustments comply with the price cap limitation, the workshare standards of section 3622(e), and the requirements of section 3626. This clearly meets the objective that the pricing process be transparent. Furthermore, the FY2012 Annual Compliance Report (ACR), filed December 28, 2012, furnishes to the public considerable data concerning market dominant products' costs, revenues, and service quality.

In addition to the objectives specified and discussed above, section 3622(c) enumerates fourteen factors, or considerations, that must be taken into account:

“(c) Factors—In establishing or revising such system, the Postal Regulatory Commission shall take into account—

(1) the value of the mail service actually provided each class or type of mail service to both the sender and the recipient, including but not limited to the collection, mode of transportation, and priority of delivery;

(2) the requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to each class or type of mail service through reliably identified causal relationships plus that portion of all other costs of the Postal Service reasonably assignable to such class or type;

(3) the effect of rate increases upon the general public, business mail users, and enterprises in the private sector of the economy engaged in the delivery of mail matter other than letters;

- (4) the available alternative means of sending and receiving letters and other mail matter at reasonable costs;
- (5) the degree of preparation of mail for delivery into the postal system performed by the mailer and its effect upon reducing costs to the Postal Service;
- (6) simplicity of structure for the entire schedule and simple, identifiable relationships between the rates or fees charged the various classes of mail for postal services;
- (7) the importance of pricing flexibility to encourage increased mail volume and operational efficiency;
- (8) the relative value to the people of the kinds of mail matter entered into the postal system and the desirability and justification for special classifications and services of mail;
- (9) the importance of providing classifications with extremely high degrees of reliability and speed of delivery and of providing those that do not require high degrees of reliability and speed of delivery;
- (10) the desirability of special classifications for both postal users and the Postal Service in accordance with the policies of this title, including agreements between the Postal Service and postal users, when available on public and reasonable terms to similarly situated mailers, that—
  - (A) either—
    - (i) improve the net financial position of the Postal Service through reducing Postal Service costs or increasing the overall contribution to the institutional costs of the Postal Service; or

(ii) enhance the performance of mail preparation, processing, transportation, or other functions; and

(B) do not cause unreasonable harm to the marketplace.

(11) the educational, cultural, scientific, and informational value to the recipient of mail matter;

(12) the need for the Postal Service to increase its efficiency and reduce its costs, including infrastructure costs, to help maintain high quality, affordable postal services;

(13) the value to the Postal Service and postal users of promoting intelligent mail and of secure, sender-identified mail; and

(14) the policies of this title as well as such other factors as the Commission determines appropriate.”

Below, the Postal Service discusses its specific price adjustments by class, including how they comply with the policy considerations set forth in section 3622.<sup>10</sup>

When considering these price changes, it is important to consider the long term, rather than simply focusing on this year’s prices in isolation.

### **1) Flats Sequencing System (FSS) Pricing**

FSS machines are a critical element in the Postal Service’s strategic operations plan. FSS machines reduce the end-to-end processing costs of flat-sized mailpieces by automating their sequencing into delivery order and avoiding labor-intensive manual sortation by carriers. The Postal Service has installed FSS machines in mail processing plants that process high volumes of flat-sized mailpieces.

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<sup>10</sup> Workshare discounts, which implicate Factor 5 and Factor 12, are discussed extensively in Part III(c) of this Notice.

Currently, however, the efficiency gains that FSS machines produce are limited by the fact that most flats destinating within the ZIP Codes served by FSS machines have not been prepared to maximize FSS efficiency. For example, for mail destinating in FSS zones, carrier route preparation is of no value because it yields excessive bundles that increase bundle handling costs. In contrast, the containerization of FSS mail on FSS scheme pallets enables such mail to completely bypass bundle sortation operations and be fed directly into the FSS operations. The preparation of FSS Facility pallets also improves service by allowing the Postal Service to quickly identify FSS mail so that it can undergo necessary bundle sortation and be made available for FSS processing without delay.

Accordingly, the Postal Service is taking three steps. First, we plan to require the previously optional FSS preparation for all flat-shaped mail pieces destinating in FSS zones. Second, in this filing we are proposing FSS pricing for presorted flat-shaped pieces in Standard Mail, Outside County Periodicals, and Bound Printed Matter Flats that destinate in FSS zones. The proposed FSS prices are designed to minimize changes in postage for flats mailers. Third, in this filing we are also proposing to introduce discounts for mail on FSS scheme pallets that is entered at the location of the destinating FSS machine (DFSS). The FSS pricing structure for each affected category of mail is discussed in more detail below.

## 2) First-Class Mail

### Overview:

First-Class Mail has six products: Single-Piece Letters/Postcards, Presorted Letters/Postcards, Flats, Parcels, Outbound Single-Piece First-Class Mail International, and Inbound Single-Piece First-Class Mail International. The prices for these products change as follows:

Table 5  
First-Class Mail Product Price Change

Product	Percent Change
Single-Piece Letters/Postcards	1.141
Presort Letters/Postcards	1.615
Flats	1.267
Parcels	6.335
FCM International	5.994
Total First-Class Mail	1.587

The Postal Service is increasing the price of a stamp for a one-ounce single-piece stamped letter by one cent to 47 cents and keeping the price of metered letters at 46 cents. The overall 1.141 percent price increase for Single-Piece Letters/Postcards reflects continuation of current prices for metered letters and single-piece cards, which is largely responsible for the average increase for single-piece mail being lower than the increase for presorted mail.

Shape is a key distinction between First-Class Mail products. The instant price change will increase the per-piece price differential between letters and flats, and between letters and parcels (Factor 1, Factor 2). Currently the price of a one-ounce single-piece letter is 46 cents and that of a single-piece flat is 92 cents. The difference is 46 cents. The proposed prices include 47 cents for single-piece stamped letters and 94 cents for single-piece flats, resulting in a difference of 47 cents. The only First-Class Mail parcels remaining on the market-dominant side for this docket are retail First-Class Mail parcels. The adjusted price for a one-to-three-ounce First-Class Mail Retail Single-Piece parcel is \$2.23.

The price differential between single-piece letters and single-piece flats of 47 cents maintains the simplicity of the price structure, since the gap is equivalent to the price of a single-piece first-ounce stamp (Factor 6). The letter-parcel differential increases from \$1.61 to \$1.76.

*Metered Mail:*

In this docket, the Postal Service is introducing a new price for single-piece metered letters. The Metered mail category, as proposed, includes single-piece letters with postage affixed by meter, information-based indicia (IBI), permit imprint, or pre-cancelled stamps. Essentially, only pieces bearing non-cancelled stamps or postal validation imprint (PVI) indicia will remain in the Stamped mail category.<sup>11</sup>

At the time of Docket No. R2005-1, PVI indicia mail was categorized for purposes of the In-Office Cost System (IOCS) as Metered mail in the reporting of delivery costs for stamped, metered, and other. The IOCS did not then have the capability to separate

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<sup>11</sup> PVI includes payment indicia printed out by the Automated Postal Center (APC) equipment.

PVI from other unstamped mail. Accordingly, costs for mail bearing PVI were included with Metered mail costs. To-date, the Postal Service has reported costs on that basis, despite the fact that, since 2008, refinements to the IOCS permit separation of costs for mail processing and delivery for PVI from metered mail.<sup>12</sup>

The Commission concluded Docket No. RM2010-13 by issuing Order No. 1320.<sup>13</sup> At page 11, in footnote 22 of that Order, the Commission observed:

The convention of setting the rate for the metered mail Base Group equal to the single-piece letter rate is not an issue that was explored on this record. However, there does not appear to be any obvious legal barrier to the Postal Service exercising its pricing flexibility by setting the rate for the metered mail Base Group at a different level than the remainder of single-piece First-Class letters. Moreover, the relative sophistication of users of the metered mail Base Group and the capabilities of metered and IBI technology suggest that a non-integer rate for this type of mail would be more workable than for other types of single-piece First-Class Mail.”

Accordingly, the Postal Service has decided to exercise more pricing flexibility by establishing a separate metered mail price which is one-cent below the price for the Stamped mail. This Metered price is expected to encourage the adoption of metered mail by small businesses.

Also at page 11 of Order No. 1320, the Commission concluded that metered mail should be adopted as the Base Group for calculating the costs avoided by presort First-Class Mail because:

Metered mail also provides an empirically-based benchmark, since its costs can be developed with data that are collected in standard postal data systems. The

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<sup>12</sup> However, while the IOCS currently has the capability to separate PVI costs from metered mail, the carrier cost systems (including the city carrier cost system and the rural carrier cost system) do not have this capability. However, these systems are expected to have this capability by FY2014 Quarter 2. Accordingly, the Postal Service will be able to report costs separately for the Standard Mail and Metered Mail categories by the January 26, 2014 implementation date.

<sup>13</sup> Order Resolving Technical Issues Concerning the Calculation of Workshare Discounts (April 20, 2012).

cost characteristics of metered mail are measurable, verifiable, and for the most part, readily traceable to the Postal Service's existing costs systems.

The nature and sender of metered letters differ from the remainder of single-piece First-Class Mail letters (i.e., stamped and PVI letters). Senders of metered letters are generally small to medium-sized businesses; whereas, stamped letters are generally sent by individuals or small businesses. The purpose of introducing a relatively lower metered rate is to encourage small businesses to convert from using stamps to meters, thus fostering a more consistent use of the postal system for the transmission of outgoing messages and to grow their mail volume in the long run. Experience from foreign posts suggests that having a special meter rate encourages meter use for correspondence, transactional and/or marketing-related communication. This, in turn, also results in: (1) customer convenience and productivity gains for mailers, particularly small and mid-size businesses; (2) operational savings for the Postal Service because there is less need for stamp production and less costs incurred for distribution and cancellation; (3) lower postal revenue-protection risk associated with theft of stamps; and (4) more cross-selling opportunities. Once again, experience from foreign posts suggests that the availability and convenience of metering capability led to increase usage of the postal service offerings rather than those of the competitors.

*Residual Single-Piece Letters:*

In Docket No. R2013-1, the Postal Service introduced a new single-piece price for residual letters presented as part of a presort mailing. These letters are mainly presented as part of a presort mailing which for one reason or another (including poor address quality) do not meet the presort requirements and end up paying the single-

piece price, including charges for additional ounces for heavier pieces. In this docket, the Postal Service is proposing a new single-piece price structure for these residual letters. Residuals from uniform 1-ounce presort letter mailings will pay the 1-ounce Metered letter rate of 46 cents. Residuals from uniform 2-ounce presort letter mailings will pay the 2-ounce Metered letter rate of 66 cents; and residuals from mixed mailings of 1-ounce and 2-ounce letters will pay the Residual rate of 48 cents.

Presort Letters/Postcards:

The prices in Presort Letters/Postcards reflect the costs that the Postal Service avoids when customers presort and otherwise prepare their mail for automation processing (Factor 5). The overall increase for the Presort Letters/Postcards product is slightly above the overall average increase for First-Class Mail. The unit price for the least presorted automation category increases by 1 cent while the other categories increase by 0.5 to 0.6 cents. The price increases for Mixed AADC, AADC, 3-Digit, and 5-Digit Automation Presort Letters are 2.5 percent, 1.3 percent, 1.3 percent and 1.7 percent, respectively. The Postal Service continues to price AADC and 3-Digit Letters and Cards at the same level. Also, the free second-ounce continues for all Presort First-Class Mail letters (Non-automation and Automation).

Table 6  
First-Class Mail First-Ounce Prices

	Current	New	Change	Percent Change
Stamped Single-Piece	\$0.46	\$0.47	\$0.01	2.2
Metered Single-Piece	\$0.46	\$0.46	\$0.00	0.0
MAADC Automation	\$0.405	\$0.415	\$0.010	2.5
AADC Automation	\$0.384	\$0.389	\$0.005	1.3
3-Digit Automation	\$0.384	\$0.389	\$0.005	1.3
5-Digit Automation	\$0.360	\$0.366	\$0.006	1.7

Flats:

The overall increase for Flats is 1.267 percent. The first-ounce price for single-piece flats changes from 92 cents to 94 cents, a 2.2 percent increase.

Prices for Non-automation Presort flats increase by 1.3 percent. The price increases for the Mixed ADC, ADC, 3-Digit, and 5-Digit automation flats categories, are 1.4 percent, 3.0 percent, 1.3 percent and 3.2 percent, respectively. The ADC and 5-Digit Automation Flats are getting a slightly above average increase. Even though the cost avoidances in both of these cases have increased, the discounts were higher. In the instant filing the discounts are being reduced to bring the passthrough closer to 100 percent

Parcels:

The First-Class Mail parcels receive a 6.335 percent increase, which is higher than the overall increase for First-Class Mail. As reported at page 81 in the Commission's FY2012 Annual Compliance Determination (March 28, 2013), the First-Class Mail Retail parcels cost coverage is 98.5 percent. The higher-than-average increase for First-Class Mail parcels is expected to improve this cost coverage, which is fairly low by First-Class Mail standards.

First-Class Mail International:

For Outbound Single-piece First-Class Mail International (FCMI), the Postal Service is increasing prices by 2.192 percent overall, which is significantly greater than the First-Class Mail average of 1.587 percent. A price adjustment of this magnitude is necessary to increase contribution and improve cost coverage for FCMI Flats (Factor 2, Factor 12).

### Adjustments to the Billing Determinants:

Three adjustments have been made to the First-Class Mail billing determinants: (1) metered letters is now separately identified in Single Piece Letters; (2) residual mail is now separately identified in Single Piece Letters; and (3) DVD volumes are reported separately for this filing. The first adjustment of separately calculating metered letters in the billing determinants is done by using available volume data identifiable by type of indicia. The second adjustment of separately calculating residual letters is done by estimating total FY 2013 volume by doubling the residual volume reported for the only two fiscal quarters for which data are available (Quarters 2 and 3) at the time of the instant filing.<sup>14</sup> Using the RPW data for the hybrid year, DVD volumes were subtracted from their respective rate cells in Single-Piece Letters and Cards, Presort Letters & Cards, and Flats. While DVDs currently are not a product, a separate tab was created to calculate the revenue impact of some of the DVD flats mail that will pay the lower letter price, starting September 30.

### **3) Standard Mail**

#### Overview:

Standard Mail consists of seven products: Letters; Flats; Parcels; High Density and Saturation Letters; High Density and Saturation Flats and Parcels; Carrier Route; and Every Door Direct Mail - Retail. Within this class, the prices of Standard Mail products increase as follows:

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<sup>14</sup> The Residual rate was implemented on January 28, 2013 and Quarter 4 RPW volume data are not expected to become available until late in calendar year 2013.

Table 8  
Standard Mail Product Price Changes

<b>Product</b>	<b>Percent Change</b>
Letters	1.614
Flats	1.809
Parcels	1.820
High Density / Saturation Letters	1.322
High Density / Saturation Flats and Parcels	1.412
Carrier Route	1.666
Every Door Direct Mail - Retail	5.000
Overall	1.609

Standard Mail Flats:

In this price adjustment, Flats receive an above average price increase. In its 2012 Annual Compliance Report, the Postal Service proposed a three year schedule of above-average CPI increases for Flats,<sup>15</sup> which the Commission approved in its 2012 Annual Compliance Determination.<sup>16</sup> In that schedule the Postal Service agreed to increase Standard Flats prices by at least CPI x 1.05 in 2014, 2015, and 2016. The increase proposed in this filing more than complies with that schedule, by increasing flats by CPI x 1.067.

FSS Pricing for Flats:

As discussed in Part III (a) (1), in 2014 the Postal Service will be requiring FSS preparation in DFSS zones. In conjunction with this requirement, the Postal Service is also proposing new FSS pricing for Flats, High Density flats, High Density Plus flats, and Carrier Route flats. The FSS prices for these products will be the rates currently charged for 5-digit Flats, High Density flats, High Density Plus flats, and Carrier Route

<sup>15</sup> Docket No. ACR 2012, Annual Compliance Determination Report Fiscal Year 2012, at 19 (March 28, 2013) (*hereafter* "FY2012 ACD").

<sup>16</sup> *Id.* at 22.

flats. There will be a \$0.001 per piece discount off of the DSCF price, for those pieces brought to a DFSS in scheme bundles on a DFSS scheme pallet. This represents a passthrough of 87 percent from the Origin.<sup>17</sup> The proposed discount is an incentive for the mailers to enter the mail at a plant where there is an FSS machine.

Standard Mail Parcels:

In this price adjustment, Parcels receive an above average price increase of 1.820 percent. The cost coverage for Parcels in FY2012 was 85.5 percent. This price adjustment continues the Postal Service's previously announced plan to move this product toward full cost coverage (Factor 2), while also recognizing that Standard Mail parcels are underpriced in the marketplace (Factor 4).

AADC and 3-Digit Presort Letters:

The prices for AADC and 3-Digit Presorted Letters will continue to be equal in 2014. The Postal Service is not changing the presorting requirements for either rate cell, thus allowing customers to pay the same price for either sortation level. Until the Postal Service is able to determine which preparation standard will be most consistent with the redesigned processing network, the best course of action is to preserve existing sortation options in 2014. This approach (as compared to, for example, eliminating one of the current sortation options) will not require customers to prematurely change sortation processes and software. The Postal Service will continue to evaluate the current sortation levels as the redesigned processing network is implemented.

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<sup>17</sup> Avoided cost between Origin Flats and DSCF Flats is \$0.236 / pound. Average flat weight is 3.4 ounces. Avoided cost per piece = Avoided cost per pound (\$0.236) x 16 ounces per pound / 3.4 ounces per piece = \$0.051 per piece.

### Simple Samples:

For the Simple Samples initiative, which was introduced in 2013, customers will continue to be able to induct samples into the mail in cartons without the need to use unnecessary outer packaging. Additionally, customers will see no increase in the price of Simple Samples and will continue to pay between \$0.260 and \$0.400 per unit up to 200,000 units. As in 2013, lower prices will be given for higher-volume tiers in order to encourage growth.

### Customized Market Mail:

The Postal Service is also reducing the price of Customized Market Mail in 2014 from the current price (\$0.460) to \$0.440 and introducing new prices for Every Door Direct Mail – Commercial, which range from \$0.151 to \$0.203 cents, based on entry point.

The Postal Service will moderately increase the price of Detached Address Labels (DALs) from 3.1 cents to 3.3 cents. This increase recognizes the significant progress that was made in the R2012-3 price adjustment toward improving cost coverage, and the price sensitivity of DAL customers, (factors 7, 2, objective 4).

### Every Door Direct Mail – Retail:

Finally, in Order No. 1460, the Commission approved the addition of Every Door Direct Mail Retail to the Market-Dominant Product List at a price of 16 cents.<sup>18</sup> In this price adjustment, the Postal Service is increasing the price of Every Door Direct Mail – Retail to 16.8 cents. Similarly, an optional picture permit indicia was approved for

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<sup>18</sup> Docket No. MC2012-31, Order No. 1460: Order Approving Addition of Postal Services to the Mail Classification Schedule, at 4, 27 (September 7, 2012).

letters in Docket No. R2012-7,<sup>19</sup> and was extended to Flats in Docket No. R2013-1.

The approved price of a picture permit for Standard Mail is 2 cents for both Letters and Flats. The Postal Service is not proposing any change to this price in this docket.

*Adjustments to the Billing Determinants:*

Three adjustments have been made to the hybrid year billing determinants of Standard Mail. The first adjustment deals with breaking down the volume in 5-Digit flats, High Density flats, High Density Plus flats, and Carrier Route flats into: (1) non-FSS zones 5-Digit flats, High Density flats, High Density Plus flats, and Carrier Route flats; (2) DFSS Facility pallets for 5-Digit flats, High Density flats, High Density Plus flats, and Carrier Route flats; (3) DFSS Scheme pallets for 5-Digit flats, High Density flats, High Density Plus flats, and Carrier Route flats. The second adjustment deals with Simple Samples. The pricing structure for Simple Samples was introduced in R2013-1 and went into effect in January 2013. The volume is adjusted in this docket again because of residual Carrier Route, High Density and Saturation parcels volume in Q4 2012 and part of Q1 2013. The third adjustment to the billing determinants deals with the volume separation of Every Door Direct Mail – Commercial from Saturation volume entered at the DDU. In this price filing the Postal Service is introducing new commercial prices for EDDM – Commercial pieces at each entry point.

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<sup>19</sup> Docket No. R2012-7, Order No. 1324: Order Approving Market Dominant Classification and Price Changes for Picture Permit Indicia, at 6 (April 30, 2012).

#### 4) Periodicals

Overview:

The Periodicals class includes magazines and newspapers, and consists of two products: Within County Periodicals, and Outside County Periodicals. The prices for these products change as follows:

Table 9  
Periodicals Price Changes

<b>Product</b>	<b>Percent Change</b>
Outside County	1.563
Within County	1.705
Overall	1.569

The Periodicals class has been challenged in terms of cost coverage. It did not cover its attributable costs in FY2012 (Factor 2, Objective 8). Despite its continued failure to cover its costs, the Postal Service is cognizant of Periodicals' value to the public (Factor 8, Factor 11). Accordingly, this price change refines price relationships to encourage efficiency and containerization, while limiting the price increases for individual publications.

FSS Pricing:

Additionally, similar to Standard Mail, and as discussed above in section III(a)(1), FSS preparation will also be required for Periodicals mail in DFSS zones. The DFSS pound prices will be the same as the DSCF pound prices. FSS pricing at the bundle level, sack level, and pallet level will also be introduced at all entry points. To encourage FSS preparation and destination entry, there will be a price of zero for FSS pallets brought to a DFSS. These changes are based in part on the Commission's suggestion in the FY2012 Annual Compliance Determination Report, that the Postal

Service encourage “mailings that can be efficiently processed by current or planned operations.”<sup>20</sup>

Adjustments to Billing Determinants:

The following four adjustments have been made to the hybrid year billing determinants of Periodicals:

1. Adjustment for DFSS in Advertising, Editorial, and Science of Agriculture pounds, which is estimated to be part of destinating SCF.
2. A new price is introduced for Mixed ADC Carrier Route bundles, for which the volume is estimated from the Mixed ADC 5 digit bundles
3. The volumes for ADC, 3-digit, and 5-digit pallets have been adjusted to create FSS Facility Pallet and FSS Scheme Pallets at all entry levels.
4. Volume for DFSS pallets is created using DSCF entry level volume for both FSS Facility and FSS Scheme pallets.

**5) Package Services**

Overview:

The Package Services class consists of five products: Alaska Bypass Service, Bound Printed Matter (BPM) Flats, Bound Printed Matter Parcels, Media Mail/Library Mail, and Inbound Surface Parcel Post (at UPU rates). The prices for these products increase as follows:

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<sup>20</sup> FY2012 ACD, *supra* note 16, at 89.

Table 10  
Package Services Price Changes

<b>Product</b>	<b>Percent Change</b>
Alaska Bypass Service	2.440
BPM Flats	0.314
BPM Parcels	1.680
Media Mail and Library Mail	2.061
Inbound Surface Parcel Post	2.152
Overall	1.565

*Bound Printed Matter Flats:*

There are two Bound Printed Matter (BPM) products: Flats (primarily heavy catalogs), and Parcels (primarily product order fulfillment). The Bound Printed Matter Flats product already covers its costs, and is used by catalog companies, which face continuing economic pressures. Therefore, the price increase for BPM Flats is smaller than the other products. This frees up cap space for larger increases for Media/Library Mail and BPM Parcels.

Also, as noted above in Part III (a) (1), FSS price categories will be introduced for BPM Flats. FSS price categories will be introduced for presort at originating entry, DNDC entry, DSCF entry, and DFSS entry, as well as carrier route presort at originating entry, DSCF entry, and DFSS entry. There will be no FSS pricing for DDU destination entry. The FSS price categories will have the same prices as non-FSS prices at the same presorting and destination entry levels. FSS pricing incentives for BPM flats may be introduced later when more is known about the FSS volumes at the different sortation and destination entry levels.

BPM Parcels:

BPM Parcels prices are being increased by 1.680 percent overall. This slightly above-average price increase is designed to improve BPM Parcels' cost coverage, which was 108 percent in FY2012 after several years of below-100-percent cost coverage. The Postal Service is also using this price adjustment to move the DNDC workshare discount back down to a 100 percent passthrough.

Alaska Bypass:

Alaska Bypass consists of 70 pound parcels, plus remainder weight parcels, that were previously priced equal to the Parcel Post prices in Zones 1&2 and Zone 3. After Parcel Post was moved to the Competitive mailing services, the prices for Alaska Bypass became de-linked from the Parcel Post prices, and Alaska Bypass now stands alone as its own product. The overall increase given to Alaska Bypass is 2.440 percent.

Media/Library Mail:

Media/Library Mail will receive a price adjustment of 2.061 percent. The above CPI increase is intended to improve this product's cost coverage, which was 85 percent in the FY2012 ACD.<sup>21</sup> Even after these increases, Media Mail and Library Mail will still be priced below other ground parcel products, largely to recognize their educational, cultural, scientific, and informational value. (Factor 11).

Inbound Surface Parcels:

Due to the timing of this filing, the proposed prices for Inbound Surface Parcels must be estimated. These prices are set by the Universal Postal Union (UPU), not the

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<sup>21</sup> FY2012 ACD, *supranote* 16, at 129-130.

Postal Service, and are not officially released until early October.<sup>22</sup> Prices set by the UPU are based on a combination of inflation numbers from the host country plus performance incentives. Because the Postal Service did not want to risk exceeding the price cap and needing subsequent approval from the Governors, the Postal Service used a price estimate for Inbound Surface Parcels based on the highest possible performance incentive and highest possible price. The Postal Service will report the actual prices for Inbound Surface Parcels when they are released and, if necessary, will revise the cap calculation and resulting banked authority for Package Services.

## **6) Special Services**

### Overview:

The Special Services class currently contains the following products: Ancillary Services, International Ancillary Services, Address Management Services, Caller Service, Credit Card Authentication, Confirm, International Business Reply Mail Service, Money Orders, Post Office Box Service, Customized Postage, and Stamp Fulfillment Services. The overall increase for the Special Services class is 2.500 percent. For most of the special services, fee increases were designed to be close to 2.509 percent, while maintaining consistency with historical rounding constraints, which simplify transactions for customers (Factor 3, Factor 6). More detail on Special Services price changes is included in USPS-LR-R2013-10/5

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<sup>22</sup> These prices had not been released when the Governors approved the filing of this case on September 24, 2013.

Collect on Delivery:

The prices for Collect on Delivery (COD) are being raised by 4.2 percent overall. This increase not only reflects the value of the service provided, but also helps ensure that COD service continues to cover its costs. (Factors 1 and 2). As the Commission is aware, COD cost coverage has varied widely over the past few years due to instability in the cost data. Additionally, the Notice of Non-Delivery and Alteration of COD options will no longer be offered, as a result of changes that were made to the amount of time a COD item is held at a delivery unit before it is returned to the sender.<sup>23</sup> The Designation of New Addressee option also is being discontinued, as Package Intercept service is available for this purpose.

Special Handling:

Special Handling prices are being increased by 5.5 percent to reflect the high value the service provides to mailers that use it (Factor 1).

Stamp Fulfillment Services:

Stamp Fulfillment Services is not receiving a price increase in recognition of the 25-75 percent price increase it received in Docket No. R2013-1, and because it reduces the costs associated with the retail purchase of stamps.<sup>24</sup> (Factor 3).

USPS Tracking:

The prices for USPS Tracking (formerly Delivery Confirmation) service are increasing by 10.4 percent because there is a reasonable likelihood that the service is no longer covering its costs. The expected cost coverage issue is the result of Retail

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<sup>23</sup> Collect on Delivery (COD) – Service Features, 78 Fed. Reg. 41305-41307 (July 10, 2013).

<sup>24</sup> FY2012 ACD, *supra*note 16, at 142.

USPS Tracking having an increased share of total volume due to Electronic tracking being included – at no charge – with several package offerings. (Factors 1 and 2).

Stamped Cards:

Stamped Cards will not be given a price increase this year, as the product received a 33.3 percent increase last year. (Factors 1 and 3).

Address Management Services

Address Management Services increased by more than the average increase because of a larger than average increase for Computerized Delivery Service (CDS) which accounts for a significant portion of overall Address Management Services revenue. The price for CDS was the minimum amount possible, \$0.001, which results in a 12.5 percent price increase. (Factor 1).

Credit Card Authentication

Credit Card Authentication did not receive an increase because this fee allows the Postal Service to authenticate the relationship between a customer and an address electronically, rather than in a more labor intensive process when the same transaction is done by a postal clerk. (Factor 10).

Customized Postage

Customized Postage is getting a slightly higher than average price increase as a result of trying to maintain historical rounding constraints. (Factor 6).

### Money Orders

Money Orders are receiving a lower than average increase in order to keep this valuable resource available for those with poor access to mainstream financial services, and because the product already has an adequate cost coverage. (Factor 3).

### International Certificate of Mailing:

Finally, the fees for International Certificates of Mailing are being set equal to the fees for the equivalent domestic service (Factor 6). The resulting price increase is 5.48 percent.

### **B. Preferred Mail—Rule 3010.14(b)(8)**

Section 3626 sets forth pricing requirements for certain preferred categories of mail. In this price change, the Postal Service implements these requirements in the same manner as it did in its Docket No. R2013-1 price change, which the Commission concluded was an appropriate interpretation of section 3626.<sup>25</sup>

First, section 3626(a)(3) requires that the prices for Within County Periodicals “reflect its preferred status,” as compared to the prices for regular rate Periodicals.<sup>26</sup> This price adjustment continues to recognize the preferential status of Within County Periodicals by setting prices below those of regular Outside County Periodicals.

Second, section 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. Consistent with previous practice, the Postal Service maintains

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<sup>25</sup> Docket No. R2013-1, Order No. 1541: Order on Price Adjustments for Market Dominant Products and Related Mail Classification Changes, at 49, 65 (November 16, 2012).

<sup>26</sup> This general standard replaces the “50-percent mark-up rule” that previously governed the setting of prices for Within County Periodicals. See H.R. REP. NO. 109-66, pt. 1, at 67-68.

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.

Third, section 3626(a)(5) requires that Science of Agriculture Periodicals be given preferential treatment for its advertising pounds. Consistent with past practice, the Postal Service continues to provide these publications with advertising pound rates for DDU, DSCF, DADC, and Zones 1 & 2 that are 75 percent of the advertising pound rates applicable to regular Outside County Periodicals. This also includes the pound price of DFSS.

Fourth, section 3626(a)(6) requires that Nonprofit Standard Mail prices be set to achieve an average revenue per piece that is 60 percent of the commercial average revenue per piece. Consistent with past practice, the Postal Service has calculated this ratio at the class level. The prices set forth in this Notice achieve a revenue per piece ratio of 59.9 percent. Past practice by the Commission has indicated that it is acceptable to meet the 60 percent ratio within a few tenths of a percent.<sup>27</sup> Details of the nonprofit-commercial revenue per piece ratio are contained in USPS-LR-R2013-10/2, workbook *CAPCALC-STD-R2013.xls*, worksheet "Price Change Summary." The Postal Service also kept nonprofit discounts equal to the comparable commercial discounts, except in one instance, described below.

Fifth, section 3626(a)(7) requires that the prices for Library Mail be equal, as nearly as practicable, to 95 percent of the prices for Media Mail. This is achieved by setting each Library Mail price element equal to 95 percent of the corresponding Media

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<sup>27</sup> For example, in the past the Commission has approved nonprofit to commercial price ratios of 60.2 (Docket No. R2009-2) and 59.9 (Docket No. R2013-1) percent. See Docket No. R2009-2, Order No. 191, at 44 (March 16, 2009); Docket No. R2013-1, Order No. 1541, at 49 (November 16, 2012).

Mail price element. The Postal Service has followed this approach in setting its new prices.

Finally, section 3626(g)(4) requires that preferential treatment be accorded to the Outside County pieces of a Periodicals publication having fewer than 5,000 Outside County pieces, and at least one Within County piece. In conformance with this requirement, the Postal Service implemented a new “limited circulation” discount in 2008, which gives these mailers a discount equivalent to the Nonprofit and Classroom Periodicals discount.

In addition to a discussion of section 3626, Rule 3010.14(b)(8) also requires the Postal Service to discuss how its planned prices are consistent with sections 3627 and 3629. Neither section is implicated by this price change: for section 3627, the Postal Service does not seek to alter the free rates; for section 3629, the Postal Service does not change the eligibility requirements for nonprofit prices.

**C. Workshare Discounts—Rules 3010.14(b)(5) and (6)**

Section 3622(e) requires that the Postal Service justify any worksharing discount that exceeds 100 percent of the avoided costs, by reference to one or more of the exceptions specified in that provision. These exceptions are listed below.

(2) Scope — The Postal Regulatory Commission shall ensure that such discounts do not exceed the cost that the Postal Service avoids as a result of workshare activity, unless—

(A) the discount is—

- (i) associated with a new postal service, a change to an existing postal service, or with a new work share initiative related to an existing postal service; and
    - (ii) necessary to induce mailer behavior that furthers the economically efficient operation of the Postal Service and the portion of the discount in excess of the cost that the Postal Service avoids as a result of the workshare activity will be phased out over a limited period of time;
  - (B) the amount of the discount above costs avoided—
    - (i) is necessary to mitigate rate shock; and
    - (ii) will be phased out over time;
  - (C) the discount is provided in connection with subclasses of mail consisting exclusively of mail matter of educational, cultural, scientific, or informational value; or
  - (D) reduction or elimination of the discount would impede the efficient operation of the Postal Service.
- (3) Limitation.— Nothing in this subsection shall require that a work share discount be reduced or eliminated if the reduction or elimination of the discount would—
- (A) lead to a loss of volume in the affected category or subclass of mail and reduce the aggregate contribution to the institutional costs of the Postal Service from the category or subclass subject to the discount below what it otherwise would have been if the discount had not been reduced or eliminated; or

(B) result in a further increase in the rates paid by mailers not able to take advantage of the discount.

In addition, Rule 3010.14(b)(6) requires the Postal Service to explain discounts that are set “substantially” below 100 percent of avoided costs. The workshare discounts, cost differentials, and passthroughs (discount divided by cost avoidance) are shown in Attachment B. These tables have the avoided cost data from the FY2012 ACD. The discounts in Docket No. ACR2012, USPS-FY12-3, have been replaced by the discounts included in the new prices.

For the passthroughs that were above 100 percent in Docket No. R2013-1, the Postal Service was able to make significant progress in moving them toward, or to, 100 percent. Though the Postal Service would have preferred to have moved additional passthroughs to 100 percent, several complicating factors prevented it from doing so. First, the cost avoidances for several workshare activities unexpectedly dropped, causing some passthroughs to increase significantly. Second, in light of the Exigent Request filed today, the Postal Service needed to carefully consider how fast passthroughs could be reduced without causing rate shock. Given these considerations, the following sections discuss the remaining passthroughs that exceed 100 percent, or that are significantly lower than 100 percent.

### **First-Class Mail**

There are 14 passthroughs in First-Class Mail to be evaluated for compliance. Four of these passthroughs are over 100 percent: that is, discounts exceed cost avoidances from the most recent fiscal year. Four passthroughs are below 100 percent; that is, discounts are less than cost avoidance from the most recent fiscal year. Four

passthroughs are equal to 100 percent and are therefore not discussed further.<sup>28</sup> Two passthroughs are zero, because of a pricing structure change that was added by the Postal Service for automation letters and automation postcards in Docket Nos. R2012-3 and R2013-1, respectively.<sup>29</sup>

Automation Cards:

There are two passthroughs that exceed 100 percent. The mixed AADC Automation Cards passthrough compared to the benchmark of Nonautomation Presort Cards is 136.4 percent, while the AADC Automation Cards passthrough compared to its benchmark of Mixed AADC Cards is 130.0 percent.

On page 16 of the FY2012 ACD, the Commission directed the Postal Service to align the discount between Nonautomation Presort Cards and Automation Mixed AADC Presort Cards with the estimated cost avoidance of 1.1 cents, unless it is subject to one of the exceptions in 3622(e). In the current changes, the Postal Service is reducing this discount from 2.3 cents to 1.5 cents, to bring the passthrough closer to 100 percent. In choosing to leave the passthrough slightly above 100 percent, the Postal Service was mindful of several factors. First, the reduction proposed in this filing yields a 3.1 percent price increase, which is almost twice the average increase of 1.587 percent for the First-Class Mail class. Second, this increase could be pushed even higher by the proposed price increases in the Postal Service's Exigent Request. Finally, further reductions in the passthrough would also lead to higher than desirable increases for all other presort levels (i.e., AADC, 3-Digit, and 5-Digit). Therefore, after balancing these factors, and in

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<sup>28</sup> To avoid calculations that result in passthroughs that are slightly under or over 100 percent, due to rounding, cost avoidances are rounded to the same level as the prices.

<sup>29</sup> These particular passthroughs are zero in the current docket, because the prices for AADC and 3-Digit Automation Letters and Cards are the same. In the future, the Postal Service expects to have one, yet to be determined sortation level between Mixed AADC and 5-Digit.

order to mitigate the price increase for mailers, the passthrough exceeds 100 percent in accordance with section 3622(e)(2)(B). The Postal Service will, however, be mindful of this particular passthrough in future price adjustments.

The AADC Automation Cards discount compared to its benchmark of Mixed AADC Cards exceeds the cost avoidance by 30 percent. Based on Commission Order No. 1793, in Docket No. RM2012-6, the Postal Service is using a weighted average cost for AADC and 3-Digit Automation Cards. This results in a cost avoidance of 1.0 cent compared to the cost avoidance of 1.3 cents reported in the FY2012 ACD. Since AADC Automation Cards are already receiving an above-average price increase in this filing, and mailers could experience additional price increases as a result of the Exigent Request, the Postal Service is leaving the discount at 1.3 cents. Consequently, the passthrough for the AADC Automation Cards exceeds 100 percent pursuant to section 3622(e)(2)(B).

*Automation Letters:*

The passthrough for 5-Digit Automation Letters compared to its benchmark, 3-Digit Automation Letters, is less than 100 percent. Even though the Postal Service is decreasing the discount in this filing, the Postal Service was careful to ensure that the gap between Single-Piece stamped letters, and the finest presort level for Automation Letters, will increase to from 10 cents to 10.4 cents.

*Automation Flats:*

The Postal Service has made progress in reducing the passthroughs for First-Class Mail Automation Flats since the methodological change resulting from Docket No. RM2008-2 (Proposal 8). The discounts for Automation Flats are evaluated using cost

avoidances reported in *FY2012 FCM Prst Flats PRC2.xls*, which the Commission posted on its website on March 28, 2013.

Table 11

Presort Level	ACD2010	ACD2011	ACD2012	R2013-10
ADC Automation Flats	277.3	214.3	158.7	112.3
3-Digit Automation Flats	108.9	126.1	103.7	100.0
5-Digit Automation Flats	93.1	92.6	121.7	118.8

The passthrough of the avoided cost for the ADC presort level for flats is 112.3 percent, a reduction from the current 158.7 percent (2012 ACD, at 87, Table VII-4). This improvement is the result of: 1) an increase in the estimated cost avoidance from 5.6 cents to 6.3 cents; and 2) a reduction of the discount from 10 cents to 9.1 cents. However, a further reduction of the discount to move the passthrough to 100 percent would result in rate shock (especially in light of the additional price increase proposed in the Exigent Request). Accordingly, the passthrough exceeds 100 percent pursuant to 39 U.S.C. § 3622(e)(2)(B). The Postal Service will continue to evaluate this passthrough in light of new cost information in future price adjustments.

Additionally, the 5-Digit Automation Flats passthrough is 118.8 percent. In this particular case, the avoided cost has dropped from 18.8 cents to the latest estimate of 15.4 cents. In response, the Postal Service has dropped the discount from 18.8 cents to 18.3 cents, partly by increasing the 5-Digit Automation Flats price by 3.2 percent. However, the Postal Service is concerned that a further reduction in this discount would lead to a rate shock. Consequently, this passthrough exceeds 100 percent, pursuant to

39 U.S.C. § 3622(e)(2)(B). The Postal Service will continue to move this passthrough to 100 percent in future price adjustment cases.

### **Standard Mail**

13 commercial passthroughs in Standard Mail are over 100 percent, that is the discounts for 13 workshare categories exceed avoided costs. Four passthroughs in the Letters product are over 100 percent. One of these passthroughs is negative due to an anomalous avoided cost, which the Postal Service is investigating. Three passthroughs in the Flats product and six passthroughs in the Parcels product are also over 100 percent.

In this price filing, we are introducing FSS prices for Flats, High Density, High Density Plus and Carrier Route flats. As a result, there is one dropship passthrough DFSS Flats (Origin Flats) which is below 100 percent. In addition, one nonprofit passthrough differs from its Commercial counterpart.

### **FSS Workshare Discount:**

As noted above, the Postal Service is introducing a new discount for flat-shaped pieces on FSS scheme pallets entered at the DFSS. The Postal Service is proposing to price this mail at \$0.044 per piece below the Origin entry price. This represents a passthrough of 87 percent from the Origin,<sup>30</sup> and is based on the dropship cost avoidance between the Origin and the DSCF. This cost avoidance is being used because the Postal Service has limited data on the cost avoidance between the Origin

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<sup>30</sup> *Supra*, note 17 (for passthrough calculation).

and scheme pallets entered at the DFSS.<sup>31</sup> The Postal Service believes that these avoided costs will be at least as great as the Origin to DSCF cost avoidance, because most FSS machines are located at SCFs and mail on scheme pallets has a lower handling cost than mail on other types of pallets. The Postal Service may adjust the cost avoidance basis in the future as additional data are gathered on the cost avoidance of scheme pallets entered at DFSS facilities. Pursuant to 39 U.S.C. § 3622(e)(4)(c), the Postal Service certifies that the discount will not adversely affect rates or services provided to users of postal services who do not take advantage of this new discount.

*Standard Mail Letters:*

Three workshare passthroughs for Standard Mail Letters exceed 100 percent. The passthrough for presort nonmachinable ADC letters compared to nonmachinable mixed ADC letters is 116.3 percent. The passthrough for presort nonmachinable 3-digit letters compared to nonmachinable ADC letters is 114.8 percent. The passthrough for presort nonmachinable 5-digit letters and nonmachinable 3-digit letters is 120.8 percent.

In Docket No. R2012-3, which used FY 2010 ACD avoided cost data, the Postal Service aligned the 9.7 cent presort discount for nonmachinable ADC Letters with the avoided cost for nonmachinable mixed ADC letters. In Docket No. R2013-1, the Postal Service decreased this discount to 9.5 cents. In the current price adjustment the Postal Service has decreased this discount further, to 9.3 cents. However, since Docket No. R2012-3, avoided cost has simultaneously decreased from 11.1 cents to 8.0 cents. Though the Commission ordered the Postal Service to align this discount with avoided

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<sup>31</sup> Since the avoided costs will be at least as great as those presently calculated between the Origin and DSCF, the Postal Service believes that this discussion (and the discussion in Section III above) satisfies the requirements of 39 U.S.C. § 3622(e)(4)(a) and (b).

costs in the FY2012 ACD,<sup>32</sup> decreasing the discount below the proposed 9.3 cents would cause an unacceptably high increase (especially in light of additional price increases proposed in the Exigent Request) in the price of presorted nonmachinable ADC letters. Therefore, the Postal Service justifies this passthrough under section 3622(e)(2)(B).

In this price adjustment, the Postal Service has decreased the discount for presort nonmachinable 3-digit letters to 3.1 cents. In light of additional price increases proposed in the Postal Service's Exigent Request, decreasing this discount even further would increase the nonautomation 3-digit nonmachinable letters prices beyond acceptable levels. The Postal Service justifies this passthrough under section 3622(e)(2)(B). As it has done here, the Postal Service will continue to move this passthrough toward 100 percent in future price adjustments.

In the FY 2010 ACD, the avoided cost of nonautomation 5-digit nonmachinable letters was 10.5 cents. This decreased sharply in the FY 2011 ACD to 7.6 cents, and increased to 7.7 cents in the FY2012 ACD. The Postal Service has tried to align this discount to its avoided cost; however, decreasing it below the proposed 9.3 cents at this time would increase the prices of 5-Digit nonmachinable letters beyond acceptable limits. Therefore, the Postal Service justifies this passthrough under section 3622(e)(2)(B). The Postal Service will be mindful to continue moving this passthrough toward 100 percent in future price adjustments.

There is one discount where the discount passes through relatively little of the available avoided costs: the prebarcoding discount for automation letters. The Postal Service notes that the FY2012 cost avoidance for Standard Mail Automation Mixed

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<sup>32</sup> FY2012 ACD, *supra* note 16, at 122.

AADC Letters is calculated at negative 0.3 cents. Intuitively, this does not make sense – pre-barcoding a mailpiece should result in lower processing costs, all else equal. In accordance with the Commission’s directive in the FY2012 ACD,<sup>33</sup> the Postal Service continues to evaluate potential solutions to this issue.<sup>34</sup>

Standard Mail Flats:

Four workshare passthroughs for Standard Mail Flats exceed 100 percent. The passthrough for presort automation 5-Digit flats, the passthrough for presort nonautomation 5-Digits flats, passthrough for presort nonprofit automation 5-Digits flats, and the prebarcoding passthrough between automation and nonautomation flats.

In the R2013-1 price adjustment, the discount of 9.3 cents for automation 5-Digit flats was well below the avoided cost of 11.7 cents.<sup>35</sup> Since that case, however, FY2012 avoided cost have dropped to 8.7 cents.<sup>36</sup> Though the Postal Service has lowered the discount to 9.2 cents in this price adjustment, it could not drop this discount enough (especially in light of proposed price increases in the Exigent Request), without being disruptive. As a result, the Postal Service justifies this discount using section 3622(e)(2)(B). The Postal Service will continue to work towards aligning this discount to the avoided cost in future price adjustments.

Similarly, in the R2013-1 price adjustment, the nonprofit discount of 9.0 cents for automation 5-Digit flats was well below the avoided cost of 11.7 cents. However, the

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<sup>33</sup> FY2012 ACD, *supra* note 16, at 123.

<sup>34</sup> As the Postal Service has previously explained, it appears that, as a result of Proposal 19 in Docket No. RM2012-2, ISS productivities increased by 112 percent, thereby reducing the cost of applying a barcode to a Mixed ADC Nonautomation Machinable piece. At the same time, Outgoing BCS secondary productivity dropped 30 percent, thereby increasing the cost of sorting Automation Mixed AADC pieces.

<sup>35</sup> Docket No. R2013-1, United States Postal Service Notice of Market-Dominant Price Adjustment, Attachment B, at 12 (November 16, 2012).

<sup>36</sup> FY2012 ACD, *supra* note 16, at 120, Table VII – 20.

avoided cost dropped to 8.7 cents in the FY2012 ACD.<sup>37</sup> In this case the Postal Service has kept the discount at 9.0 cents. In light of proposed price increases in the Exigent Request, the Postal Service did not believe that it could lower this discount at this time without being disruptive. As a result, the Postal Service justifies this discount using section 3622(e)(2)(B). The Postal Service will work towards aligning this discount to the avoided cost in future price adjustments.

Furthermore, while the Postal Service made every attempt to maintain equal nonprofit and commercial discounts, there is one discount where the two are not equal. The commercial presort automation 5-digit discount, 9.2 cents, is not equal to the nonprofit presort automation 5-digit discount, 9.0 cents. However, a further increase in the nonprofit discount would cause the nonprofit passthrough to increase even further above 100 percent. Given the small size of the difference between the commercial and nonprofit discounts, and the statutory issues implicated by moving a discount further above 100 percent, the Postal Service chose not to align the discounts. However, the Postal Service will be mindful to align these discounts in future price adjustments.

Next, in the R2013-1 price adjustment, the Postal Service aligned the presort discount for nonautomation 5-Digits flats with the avoided cost. However, the avoided cost dropped to 5.8 cents in the FY2012 ACD.<sup>38</sup> In this filing the discount is being lowered to 7.4 cents. While the Postal Service recognizes that the Commission ordered it to align this discount with avoided costs in the FY2012 ACD,<sup>39</sup> the Postal Service could not lower this discount enough (especially in light of proposed price increases in the Exigent Request) without causing rate shock. As a result, the Postal Service

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<sup>37</sup> FY2012 ACD, *supra* note 16, at 120, Table VII – 20.

<sup>38</sup> *Id.*

<sup>39</sup> FY2012 ACD, *supra* note 16, at 123.

justifies this discount using section 3622(e)(2)(B). The Postal Service will continue to work towards aligning this discount with the avoided cost in future price adjustments.

In the R2013-1 price adjustment, the Postal Service justified the prebarcoding discount of 5.5 cents (with its over 100-percent passthrough) by relying on section 3622(e)(2)(D), to encourage as many flats as possible to be prebarcoded and promote successful implementation of the Flats Sequencing System (FSS) program.<sup>40</sup> At that time the Postal Service acknowledged that it would continue to phase out this discount over time.<sup>41</sup> The Commission accepted this justification in Order No. 1541,<sup>42</sup> and in the FY2012 ACD.<sup>43</sup> In this price adjustment the Postal Service is reducing the discount to 4.9 cents, reflecting the Postal Service's ongoing belief that there continues to be a need for an extra incentive for prebarcoding. The Postal Service will gradually eliminate the excess incentive in future price adjustments, but relies on section 3622(e)(2)(D) to justify the current passthrough.

Standard Mail Flats has two workshare discounts with passthroughs significantly below 100 percent. These are the ADC discount for automation flats and the ADC discount for nonautomation flats.

The passthrough for the discount between Mixed ADC and ADC automation flats fell below 100 percent in 2012. In Docket No. R2013-1, this discount was aligned with its avoided cost. However, the avoided cost between 2012 and 2013 increased to 3.2

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<sup>40</sup> Docket No. R2013-1, United States Postal Service Notice of Market-Dominant Price Adjustment, at 43-44 (October, 11 2012).

<sup>41</sup> *Id.*

<sup>42</sup> Docket No. R2013-1, Order No. 1541: Order on Price Adjustments for Market Dominant Products and Related Mail Classification Changes, at 60 (November 16, 2012).

<sup>43</sup> FY2012 ACD, *supra* note 16, at 123.

cents from 1.0 cents. Even though the Postal Service is increasing this discount by 1.3 cents, the passthrough is still well below 100 percent.

The Postal Service has left the discount between Mixed ADC and ADC nonautomation flats at 3.7 cents. However, in FY2012 the avoided costs increased to 5.7 cents from 5.0 cents. In the next general price adjustment, the Postal Service will revisit this discount to see whether it is possible to more closely align it with avoided costs.

*Standard Mail Parcels:*

Three passthroughs for Standard Mail Parcels exceed 100 percent. These are the presort discounts between (1) NDC irregular parcels and mixed NDC irregular parcels, (2) NDC Marketing Parcels and mixed NDC Marketing Parcels, and (3) SCF Marketing Parcels and NDC Marketing Parcels. The nonbarcoded surcharge also exceeds the avoided costs of prebarcoding in the parcels cost model.

In the FY2012 ACD, the Commission directed the Postal Service to either align the discount between NDC irregular parcels and mixed NDC irregular parcels with the avoided costs, or adequately support an applicable statutory exception.<sup>44</sup> In this price adjustment the Postal Service is reducing the discount to 33.4 cents, thereby reducing the passthrough from 242.8 to 219.7 percent. The Postal Service believes that reducing the discount further would be unduly disruptive for two reasons: 1) because of the additional price increases proposed in the Exigent Request; and 2) because of the ongoing changes in the nature of mailpieces sent using this price category.

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<sup>44</sup> FY2012 ACD, *supra* note 16, at 123.

Two major classification changes are at the center of the shifting characteristics of that mailpieces in this category. The first major change relates to the transfer all Standard Mail commercial parcels to the Competitive product list, as part of Docket No. MC2010-36. As a result of this transfer, only nonprofit irregular parcels remain. The second major change relates to the elimination of the Non-Flat Machinables (NFM) category, and the introduction of Marketing Parcels, which have caused the migration of some former nonprofit NFMs to the nonprofit irregular parcels category. These two changes have opposing effects on irregular parcels volumes, but they work in tandem to change the characteristics of the irregular parcels category.

As a result of these changes, the avoided costs for NDC irregular parcels have continued to vacillate. It is still not clear what final effects these changes might have on the costs and avoided costs of irregular parcels. For these reasons, the Postal Service continues to believe that it is prudent to exercise caution in making changes to discounts and other cost-based pricing until the Postal Service has a clearer picture of the costs of this changed category. The Postal Service believes that, when this transition phase is complete, stable estimates of costs and avoided costs will clarify the magnitude and direction of the changes needed to better align the discount with avoided costs. Until such time, the Postal Service believes that major changes in the discount should be avoided, so as to not encourage changes to mailer behaviors that may lead to inefficient operations. Therefore, it justifies these discounts under section 3622(e)(2)(D) as needed to promote operational efficiency.

Similarly, the Postal Service has reduced the passthroughs for both Marketing Parcels discounts in the current price adjustment. The passthrough for NDC marketing

parcels and mixed NDC marketing parcels is decreased to 130.2 percent, while the passthrough for SCF marketing parcels and NDC marketing parcels is decreased to 108.4 percent. However, since the Postal Service has only had a limited amount of time to evaluate the impacts of the Marketing Parcels category (introduced in R2012-3) on costs and avoided costs, larger and more drastic changes at this time could potentially cause shifts in mailer behaviors that could be unduly disruptive to postal operations. Indeed, the Marketing Parcels category has different size and addressing standards than the predecessor NFMs, and the avoided costs for this category have vacillated. For these reasons, the Postal Service justifies its decision to not significantly change these discounts at this time, based on section 3622(e)(2)(D) to ensure efficient operations.

With respect to the barcoding surcharge, the Postal Service has announced its plans to soon require barcodes on all ground parcels. In anticipation of this move, the Postal Service believes that it is not appropriate to reduce the incentive to voluntarily barcode parcel-shaped mail pieces. It is also particularly prudent not to diminish the incentive for barcoding Standard Mail parcels, when the parcels products are experiencing significant changes, as just discussed. With the migration of most parcels from Standard Mail to Parcel Select Lightweight, and the creation of the new Marketing Parcels category, the prevalence of prebarcoding among the pieces remaining in Standard Mail is still unclear. The Postal Service believes it is necessary to maintain the surcharge, and the prebarcoding incentive it signals, so as to not lose its gains in prebarcoded parcels and the efficiencies resulting from a parcels mail stream that is

now almost fully barcoded. Therefore, the Postal Service justifies not reducing the non-barcoded surcharge, based on section 3622(e)(2)(D), to ensure efficient operations.

The 5-digit discounts for all fulfillment and Marketing Parcels have low passthroughs in this price adjustment. Given the substantial changes to the Postal Service's Standard Mail parcels offerings, the Postal Service decided to mitigate the price increases for these parcels. This decision takes into account the uncertainty over the costs of the parcels categories remaining in Standard Mail, as well as the restructuring of the parcels product to focus more closely on parcels used for marketing, such as product samples. The Postal Service will continue to observe the effects of its parcels restructuring, as well as any effects of potential network consolidation and realignments, on the cost differences between its 5-digit and less-presorted parcels. Based on these observations, the Postal Service will determine what price adjustments may be appropriate in the future to better align prices with costs.

*Standard Mail High Density and Saturation Letters:*

As discussed in the Notice of Price Adjustment in Docket No. R2011-2 (at page 39), the Postal Service prices Carrier Route letters the same as Carrier Route flats, since these letters are typically non-automatable, and would therefore be processed and delivered similarly to flats.

The workshare discount table (Attachment B) shows that, in the present price adjustment, the price difference between High Density and Carrier Route letters passes through only a small amount of the cost difference. The Postal Service prices High Density letters based on the market served by these letters. For this reason, High Density letters are priced independently of Carrier Route letters, although the Postal

Service takes note of the passthrough that results from its pricing decisions for High Density letters and for Carrier Route flats (which determines the price of Carrier Route letters). The Postal Service sees no reason to adjust the way it prices either of these letter categories based on their price differential/discount, as long as the passthroughs for the cost differential remain below 100 percent.

*Standard Mail High Density and Saturation Flats and Parcels:*

In this price adjustment, the Postal Service is making no changes to the prices of Simple Samples, introduced in Docket No. R2013-1. Since this is a new product, the Postal Service would like to gather more data so it can make accurate pricing decisions.

*Standard Mail Dropship Discounts:*

All of the Standard Mail dropship discounts are below their respective avoided costs, some of them substantially so. At present, letters and flats continue to have the same dropship discounts. Differentiating those shape categories would raise issues for automation heavy letters, which are priced using a formula that incorporates pricing elements from both letters and flats products. The Postal Service will consider this and other issues that pertain to dropshipping of letters and flats in future price adjustments to determine the best approach and speed for differentiating dropship discounts by shape. Because part of the dropship avoided costs estimates depends on transportation costs that are subject to the volatility of fuel costs, it is expected that, even in the long run, discounts may remain below avoided costs to permit a measure of pricing stability during periods of cost volatility.

## **Periodicals**

Attachment B contains two workshare discount tables for Periodicals. Some passthroughs exceed 100 percent; but many of them apply to low volume categories, such as automation letters. In addition, the Postal Service is mindful of price swings which would result from changing these passthroughs. In any event, these passthroughs are justified under section 3622(e)(2)(C).

The Outside County table shows discounts/surcharges, cost differentials, and passthroughs for presorting. The Within County table shows the same information for presorting, prebarcoding, and dropship.

The remaining table for Periodicals shows bundle and container pricing which, in Docket No. R2006-1, was developed by passing through part of the respective costs, rather than cost differentials. The tables show the bottom-up costs, and the price as a percentage of costs. This reflects the price structure in Periodicals, which implicitly includes many incentives for cost-reducing mail preparation behavior, but has some elements that cannot be viewed as traditional “passthroughs.” Instead, percentages are used to describe how much of a cost is recognized in a given price element.<sup>45</sup>

For this price increase, the Postal Service uses the flexibility of the container-bundle-piece price structure to limit the extent to which price increases for individual publications differ from the average. At the same time, incentives for efficient preparation are strengthened by reflecting a higher percentage of costs in prices that have minimal impact on those publications that are likely to experience above-average

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<sup>45</sup> The language of section 3622(e) reflects the traditional understanding of passthroughs being based on avoided costs, rather than bottom-up costs.

increases. This helps further the goal of more efficient containerization, while being mindful of the impact on those publications that cannot easily change preparation.

### **Package Services**

Attachment B contains three tables of workshare discounts, cost avoidances, and passthroughs for Package Services.

#### **Media Mail and Library Mail:**

The workshare discount passthroughs for Media Mail and Library Mail 5-digit presort are 130.0 percent and 123.3 percent respectively. These 5-digit presort discounts are above 100 percent primarily because of a change in costing methodology approved by the Commission in Docket No. RM2012-1<sup>46</sup> that shifted a large amount of costs away from 5-digit presort and toward basic presort. Bringing the 5-digit presort all the way down to 100 percent immediately would create an enormous price shock for this group of mailers, so the Postal Service intends to bring the workshare discount down in future price adjustments gradually rather than all at once. Furthermore, the discount is provided in connection with subclasses of mail consisting exclusively of mail matter of educational, cultural, scientific, or informational value. The educational, cultural, scientific, and informational value exception also applies to Basic Presort discounts, which were left at 70.1 percent for Media Mail and 67.2 percent for Library Mail.

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<sup>46</sup> See Docket No. RM2012-1, Order No 1053, at 53 (December 16, 2011).

*Bound Printed Matter Flats and Parcels:*

All workshare discount passthroughs for Bound Printed Matter Flats and Parcels are either at or below 100 percent. The carrier route discount remains unchanged for BPM Flats, but is being increased from 0.098 to 0.099 for BPM Parcels. The Dropship Discount at the DNDC level was reduced from 0.170 to .0141, consistent with the Commission's FY2012 Annual Compliance Determination. Workshare discounts equal to DSCF discounts have been added for DFSS in the BPM Flats workshare discounts table in attachment B.

**IV. MCS Product Description Changes**

Rule 3010.14(b)(9) requires that this Notice include all the changes to the product descriptions within the MCS that will be necessary to implement the planned price adjustments. Attachment A shows the new prices and related product description changes incorporated into a revised draft of the market-dominant section of the MCS.<sup>47</sup> Along with minor formatting and wording changes, the substantive classification changes for this filing include the following:

- Add new price category in First-Class Mail for Metered single-piece.
- Revision of residual structure in First-Class Mail to have the residual price only apply to mixed mailings containing both one and two ounce mailpieces.
- Update Promotions for 2014, in First-Class Mail and Standard Mail.
- Delete section 1130.1(b) due to changes in the Universal Postal Convention effective in January 2010 that allow certain correspondence in air and surface parcels.

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<sup>47</sup> This draft is based on the August 30, 2013 MCS draft provided by the Commission at <http://www.prc.gov/prc-pages/library/mail-classification-schedule/default.aspx?view=mail>. The classification changes are shown in legislative format.

- Change “Universal Postal Union Convention” to “Universal Postal Convention” in several places, to reflect generally used terminology.
- Introduction of separate price columns for Commercial EDDM and Other Standard Mail Saturation Flats (1210.6) (described above).
- Correct price categories for Standard Mail High Density and Saturation Flats/Parcels and Carrier Route (parcels)
- Correct Standard Mail High Density and Saturation Flats/Parcels and Carrier Route Handling Fees price table (entry point/presort) to reflect Docket No. R2013-1 proposal
- Limit Detached Address Labels in Standard Mail High Density and Saturation Flats/Parcels to flats that do not use a simplified address format, consistent with the approach for Every Door Direct Mail - Retail
- Add price categories and price schedule changes to reflect Flats Sequencing System (FSS) pricing for Standard Mail, Periodicals, and Bound Printed Matter (described above)
- Correct weight breakpoint for Standard Mail Parcels nonprofit irregular parcels (1230.6)
- Add exception for Permit Imprint application fee
- Remove notice of nondelivery, alteration of COD charges, and designation of new addresses for Collect on Delivery service, and add reference to Package Intercept service as the replacement for designating a new address
- Reformat Registered Mail price schedule
- Add Glossary definitions for Flats Sequencing System terminology (3005, 3007)
- For Country Lists for International Mail, delete line concerning Netherland Antilles and add lines concerning Curacao and Sint Maarten, in accordance with notifications from the Universal Postal Union.

Notice of the changes to the DMM implementing these new features are being placed on USPS.com and will be published in the *Federal Register* shortly.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Richard T. Cooper  
Managing Counsel, Corporate and Postal  
Business Law

Daniel J. Foucheaux, Jr.  
Chief Counsel, Pricing & Product Support

Anthony Alverno  
Chief Counsel, Global Business & Service  
Development

---

Eric P. Koetting  
John F. Rosato  
David H. Rubin

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2986, Fax -6187  
[John.F.Rosato@usps.gov](mailto:John.F.Rosato@usps.gov)  
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## **ATTACHMENT A**

### CHANGES TO MAIL CLASSIFICATION SCHEDULE

(Additions are underlined and deletions are marked with strike-through. Some unchanged language is included, but only to show the location of the changes. The proposed prices are listed in price tables, whether or not they are different from the current prices)

## **CHANGES TO MAIL CLASSIFICATION SCHEDULE**

### **PART A MARKET DOMINANT PRODUCTS**

\* \* \* \* \*

#### **1100 First-Class Mail**

\* \* \* \* \*

#### **1105 Single-Piece Letters/Postcards**

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#### **1105.3 Price Categories**

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

- Machinable Stamped Letters
- Machinable Metered Letters
- Nonmachinable Stamped Letters – Either have an aspect ratio that does not fall between 1 to 1.3 and 1 to 2.5 inclusive or do not meet other machinability requirements
- Nonmachinable Metered Letters – Either have an aspect ratio that does not fall between 1 to 1.3 and 1 to 2.5 inclusive or do not meet other machinability requirements
- Qualified Business Reply Mail (QBRM) Letters
- Residual Machinable Letters
- Postcards
- Qualified Business Reply Mail (QBRM) Postcards

\* \* \* \* \*

1105.5 Prices

*Single-Piece Machinable Stamped Letters<sup>1, 2</sup>*

<b>Maximum Weight (ounces)</b>	<b>Machinable Letters (\$)</b>
1	0.47
2	0.67
3	0.87
3.5	1.07

**Notes**

1. The price for single-piece, first ounce letters also applies to sales of Forever stamps and Forever Print-on-Demand indicia at the time of purchase.
2. A handling charge of \$0.001 per piece applies to foreign-origin, inbound direct entry mail tendered by foreign postal operators, subject to the terms of an authorization arrangement.

*Single-Piece Machinable Metered Letters*

<b><u>Maximum Weight (ounces)</u></b>	<b><u>Machinable Letters (\$)</u></b>
<u>1</u>	<u>0.46</u>
<u>2</u>	<u>0.66</u>
<u>3</u>	<u>0.86</u>
<u>3.5</u>	<u>1.06</u>

*Single-Piece Nonmachinable Stamped Letters*

<b>Maximum Weight (ounces)</b>	<b>Nonmachinable Letters (\$)</b>
1	0.67
2	0.87
3	1.07
3.5	1.27

Single-Piece Nonmachinable Metered Letters

<b><u>Maximum Weight (ounces)</u></b>	<b><u>Nonmachinable Letters (\$)</u></b>
<u>1</u>	<u>0.66</u>
<u>2</u>	<u>0.86</u>
<u>3</u>	<u>1.06</u>
<u>3.5</u>	<u>1.26</u>

*Single-Piece QBRM Letters*

<b>Maximum Weight (ounces)</b>	<b>QBRM Letters (\$)</b>
1	0.453
2	0.653

*Single-Piece Residual Machinable Letters*

<b>Maximum Weight (ounces)</b>	<b>Residual Machinable Letters (\$)</b>
1	0.48
2	0.48
3	0.86
3.5	1.06

*Single-Piece Postcards<sup>1, 2</sup>*

<b>Maximum Weight (ounces)</b>	<b>Postcards (\$)</b>	<b>Single-Piece Double Card (\$)</b>
not applicable	0.33	0.66

**Notes**

1. The price for single-piece postcards also applies to sales of stamped cards marked with Forever postage, at the time the stamped cards are purchased.
2. A handling charge of \$0.001 per piece applies to foreign-origin, inbound direct entry mail tendered by foreign postal operators, subject to the terms of an authorization arrangement. Such inbound direct entry mail cannot include Single-Piece Double Cards.

*Single-Piece QBRM Postcards*

<b>Maximum Weight (ounces)</b>	<b>QBRM Postcards (\$)</b>
not applicable	0.313

**1110 Presorted Letters/Postcards**

\* \* \* \* \*

**1110.4 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)
  - Certified Mail (1505.5)
  - Certificate of Mailing (1505.6)
  - Collect on Delivery (1505.7)
  - Insurance (1505.9)
  - Return Receipt (1505.13)
  - Restricted Delivery (1505.15)
  - Special Handling (1505.18)
- Competitive Ancillary Services (2645)
  - Package Intercept Service (2645.2)
- Repositionable Notes: presorted letters only
- Full-service Intelligent Mail Option: automation letters and automation postcards only
- Picture Permit Imprint Indicia
- Branded Color Mobile Technology-Coupon/Click-to-Call Promotion (February 1, 2014 to March 31, 2014)
- Earned Value Reply Mail/CRM Promotion (April 1, 2014 to June 30, 2014)
- Color Printing in First-Class Mail Transactions Promotion (April 1, 2014 to December 31, 2014)
- Premium Advertising Promotion (April 1, 2014 to June 30, 2014)
- Mail and Digital Personalization Promotion (May 1, 2014 to June 30, 2014)
- ~~Emerging Technology Promotion (August 1, 2013 to September 30, 2013)~~
- ~~Picture Permit Promotion (August 1, 2013 to September 30, 2013)~~
- ~~Mobile Buy-It-Now Promotion (November 1, 2013 to December 31, 2013)~~

1110.5 Prices

*Automation Letters*

<b>Maximum Weight (ounces)</b>	<b>5-Digit (\$)</b>	<b>3-Digit (\$)</b>	<b>AADC (\$)</b>	<b>Mixed AADC (\$)</b>
1	0.366	0.389	0.389	0.415
2	0.366	0.389	0.389	0.415
3	0.616	0.639	0.639	0.665
3.5	0.741	0.764	0.764	0.790

*Nonautomation Presorted Machinable Letters*

<b>Maximum Weight (ounces)</b>	<b>Presorted (\$)</b>
1	0.441
2	0.441
3	0.691
3.3	0.816

*Nonmachinable Letters*

<b>Maximum Weight (ounces)</b>	<b>Presorted (\$)</b>
1	0.641
2	0.641
3	0.891
3.5	1.016

*Automation Postcards*

<b>Maximum Weight (ounces)</b>	<b>5-Digit (\$)</b>	<b>3-Digit (\$)</b>	<b>AADC (\$)</b>	<b>Mixed AADC (\$)</b>
not applicable	0.241	0.253	0.253	0.266

*Nonautomation Presorted Machinable Postcards*

<b>Maximum Weight (ounces)</b>	<b>Presorted (\$)</b>
not applicable	0.281

*Move Update Assessment Charge*

Add \$0.07 per assessed piece, for mailings with less than 70 percent of mailpieces passing a Performance Based Verification at acceptance and which cannot demonstrate compliance with Move Update requirements.

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*Letters including a Repositionable Note*

Add \$0.000 for each presorted letter bearing a Repositionable Note.

*Full-service Intelligent Mail Option*

Subtract \$0.003 for each automation letter or automation postcard that complies with the requirements for the Full-service Intelligent Mail option.

*Picture Permit Imprint Indicia*

Add \$0.01 for each piece that includes Picture Permit Imprint Indicia.

*Branded Color Mobile Technology-Coupon/Click-to-Call Promotion (February ~~March 1, 2014~~ to March ~~April 30, 2014~~)*

Provide a two percent discount on the qualifying postage for First-Class Mail and ~~Standard Mail~~ presort or automation letters, postcards, and flats sent during the established program period, and which include a two-dimensional mobile barcode print mobile technology (such as QR Code) with creative elements including color and graphics, inside or on the mailpiece. The barcode must either lead the recipient to a coupon that can be stored on a mobile device, or enable the recipient to connect by

~~telephone to another person or call center via a mobile device. To receive the discount, mailers must comply with the eligibility requirements of the program.~~

~~Earned Value Reply Mail/CRM Promotion (April 1, 2013 to June 30, 2013)~~

~~Provide a \$0.02 or \$0.03 per piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope, and comply with all other eligibility requirements of the program. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2013 Earned Value Promotion and increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2014.~~

~~Emerging Technology Promotion (August 1, 2013 to September 30, 2013)~~

~~Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and that include print that allows the recipient to engage in one of the following: (1) an augmented reality experience facilitated by a smartphone or computer, (2) authentication of the recipient's identity, or (3) an experience facilitated via Near Field Communication. To receive the discount, mailers must comply with the eligibility requirements of the program.~~

~~Picture Permit Promotion (August 1, 2013 to September 30, 2013)~~

~~Eliminate the Picture Permit charge for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and that include approved Picture Permit Imprint Indicia. To have the Picture Permit charge eliminated, mailers must comply with the eligibility requirements of the program.~~

~~Mobile Buy-It-Now Promotion (November 1, 2013 to December 31, 2013)~~

~~Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats which include a mobile barcode inside or on the mailpiece 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.~~

Color Print in First-Class Mail Transactions Promotion (August 1, 2014 to December 31, 2014)

Provide a 2 percent discount on qualifying postage for First-Class Mail automation letters sent as part of a full-service IMb mailing during the established program period, which contain bills or statements with dynamic variable color (four-color-process) messaging. The color messaging must on the bill or statement and be for marketing or consumer information purposes. To receive the discount, mailers must comply with the eligibility requirements of the program.

Premium Advertising Promotion (April 1, 2014 to June 30, 2014)

Provide a 15 percent discount on qualifying postage for First-Class Mail automation letters and cards sent as part of a full-service IMb mailing during the established program period, which consist entirely of marketing or advertising content. Mailings may not contain any material required to be mailed as First-Class Mail. To receive the discount, mailers must meet all minimum volume requirements and eligibility requirements of the program.

Mail and Digital Personalization Promotion (May 1, 2014 to June 30, 2014)

Provide a two percent discount on the qualifying postage for First-Class Mail presort and automation letters, cards, and flats and Standard Mail letters and flats sent during the established program period, and which include print mobile technology leading the recipient to a customized or personalized url, and webpage, creating a mobile experience that offers relevant messaging and content. The mailpiece itself must also be customized to the recipient. To receive the discount, mailers must comply with the eligibility requirements of the program.

**1115 Flats**

\* \* \* \* \*

1115.4 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)
  - Insurance (1505.9)
  - Registered Mail (1505.12)
  - Return Receipt (1505.13)
  - Restricted Delivery (1505.15)
  - Special Handling (1505.18)
- Competitive Ancillary Services (2645)
  - Package Intercept Service (2645.2)
- Repositionable Notes
- Full-service Intelligent Mail option: automation flats only
- Picture Permit Imprint Indicia
- ~~Branded Color Mobile Technology Coupon/Click-to-Call Promotion (February 1, 2014 to March 31, 2014)~~  
Branded Color Mobile Technology Coupon/Click-to-Call Promotion (March 1, 2014 to April 30, 2014)
- Mail and Digital Personalization Promotion (May 1, 2014 to June 30, 2014)
- ~~Emerging Technology Promotion (August 1, 2013 to September 30, 2013)~~
- ~~Picture Permit Promotion (August 1, 2013 to September 30, 2013)~~
- ~~Mobile Buy-It-Now Promotion (November 1, 2013 to December 31, 2013)~~

1115.5 Prices

*Automation Flats*

<b>Maximum Weight (ounces)</b>	<b>5-Digit (\$)</b>	<b>3-Digit (\$)</b>	<b>ADC (\$)</b>	<b>Mixed ADC (\$)</b>
1	0.419	0.602	0.659	0.750
2	0.619	0.802	0.859	0.950
3	0.819	1.002	1.059	1.150
4	1.019	1.202	1.259	1.350
5	1.219	1.402	1.459	1.550
6	1.419	1.602	1.659	1.750
7	1.619	1.802	1.859	1.950
8	1.819	2.002	2.059	2.150
9	2.019	2.202	2.259	2.350
10	2.219	2.402	2.459	2.550
11	2.419	2.602	2.659	2.750
12	2.619	2.802	2.859	2.950
13	2.819	3.002	3.059	3.150

*Presorted Flats*

<b>Maximum Weight (ounces)</b>	<b>Presorted (\$)</b>
1	0.782
2	0.982
3	1.182
4	1.382
5	1.582
6	1.782
7	1.982
8	2.182
9	2.382
10	2.582
11	2.782
12	2.982
13	3.182

*Single-Piece Flats<sup>1</sup>*

<b>Maximum Weight (ounces)</b>	<b>Single-Piece (\$)</b>
1	0.94
2	1.14
3	1.34
4	1.54
5	1.74
6	1.94
7	2.14
8	2.34
9	2.54
10	2.74
11	2.94
12	3.14
13	3.34

**Notes**

1. A handling charge of \$0.001 per piece applies to foreign-origin, inbound direct entry mail tendered by foreign postal operators, subject to the terms of an authorization arrangement.

*Move Update Assessment Charge*

Add \$0.07 per assessed piece, for mailings with less than 70 percent of mailpieces passing a Performance Based Verification at acceptance and which cannot demonstrate compliance with Move Update requirements.

*\* \* \* \* Flat Round-Trip Mailer*

- a. Flat Round-Trip Mailer service allows a mailer to send a flat-shaped mailpiece to a subscriber at the applicable one (1) ounce Flats machinable Letter price and pay postage for the return of the contents of that mailpiece at the one (1) ounce Single-Piece Flats Machinable Letter price.
- b. A mailer may either prepay postage for the return mailpiece by using Permit Reply Mail or only pay for mailpieces actually returned by using Business Reply Mail.
- c. Qualifying pieces must contain a standard 12 cm or smaller optical disc.
- d. Pieces weighing no more than two (2) ounces qualify for the one (1) ounce rate.
- e. Returned pieces must be picked up by the mailer at designated Postal Service facilities.

- f. Flat Round-Trip Mailers are not subject to prices for:
- (i) the Nonmachinable Letters price category of Presorted Letters/Postcards, or
  - (ii) the Single-Piece Nonmachinable Letters price category of Single-Piece Letters/Postcards.

*Flats including a Repositionable Note*

Add \$0.000 for each piece bearing a Repositionable Note.

*Full-service Intelligent Mail Option*

Subtract \$0.003 for each automation flat that complies with the requirements for the Full-service Intelligent Mail option.

*Picture Permit Imprint Indicia*

Add \$0.01 for each piece that includes Picture Permit Imprint Indicia.

*Branded Color Mobile Technology-Coupon/Click-to-Call Promotion  
(FebruaryMarch 1, 20143 to MarchApril 310, 20143)*

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats sent during the established program period, and which include a two-dimensional mobile barcode print mobile technology (such as QR Code) with creative elements including color and graphics, inside or on the mailpiece. The barcode must either lead the recipient to a coupon that can be stored on a mobile device, or enable the recipient to connect by telephone to another person or call center via a mobile device. To receive the discount, mailers must comply with the eligibility requirements of the program.

*Mail and Digital Personalization Promotion (May 1, 2014 to June 30, 2014)*

Provide a two percent discount on the qualifying postage for First-Class Mail presort and automation letters, cards, and flats sent during the established program period, and which include customized urls, websites, or mobile experiences that offer relevant messaging and content. To receive the discount, mailers must comply with the eligibility requirements of the program.

*Emerging Technology Promotion (August 1, 2013 to September 30, 2013)*

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats

~~that are sent during the established program period, and that include print that allows the recipient to engage in one of the following: (1) an augmented reality experience facilitated by a smartphone or computer, (2) authentication of the recipient's identity, or (3) an experience facilitated via Near Field Communication. To receive the discount, mailers must comply with the eligibility requirements of the program.~~

~~*Picture Permit Promotion (August 1, 2013 to September 30, 2013)*~~

~~Eliminate the Picture Permit charge for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and that include approved Picture Permit Imprint Indicia. To have the Picture Permit charge eliminated, mailers must comply with the eligibility requirements of the program.~~

~~*Mobile Buy-It-Now Promotion (November 1, 2013 to December 31, 2013)*~~

~~Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats which include a mobile barcode inside or on the mailpiece 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.~~

**1120 Parcels**

\* \* \* \* \*

1120.5 Prices

*Retail<sup>1</sup>*

<b>Maximum Weight (ounces)</b>	<b>Single-Piece (\$)</b>
1	2.23
2	2.23
3	2.23
4	2.40
5	2.57
6	2.74
7	2.91
8	3.08
9	3.25
10	3.42
11	3.59
12	3.76
13	3.93

**Notes**

1. A handling charge of \$0.001 per piece applies to foreign-origin, inbound direct entry mail tendered by foreign postal operators, subject to the terms of an authorization arrangement.

*Keys and Identification Devices*

<b>Maximum Weight (ounces)</b>	<b>Keys and Identification Devices (\$)</b>
1	3.03
2	3.03
3	3.03
4	3.20
5	3.37
6	3.54
7	3.71
8	3.88
9	4.05
10	4.22
11	4.39
12	4.56
13	4.73
1 (pound)	Priority Mail Retail Zone 4 postage plus \$0.80
2 (pounds)	Priority Mail Retail Zone 4 postage plus \$0.80

**1125 Outbound Single-Piece First-Class Mail International**

\* \* \* \* \*

1125.6 Prices

*Machinable Letters<sup>1</sup>*

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
2	1.10	1.65	2.05	2.05	2.05	1.90	1.90	1.90	1.90
3	1.55	2.20	3.00	3.00	3.00	2.70	2.70	2.70	2.70
3.5	2.00	2.75	3.95	3.95	3.95	3.50	3.50	3.50	3.50

**Notes**

1. International Forever stamps are sold at the price of a single-piece First-Class Mail International first ounce machinable letter and have a postage value equivalent to the price of a single-piece First-Class Mail International first ounce machinable letter in effect at the time of use.

*Nonmachinable Letters*

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
2	1.30	1.85	2.25	2.25	2.25	2.10	2.10	2.10	2.10
3	1.75	2.40	3.20	3.20	3.20	2.90	2.90	2.90	2.90
3.5	2.20	2.95	4.15	4.15	4.15	3.70	3.70	3.70	3.70

*Postcards*

Maximum Weight (ounces)	Canada (\$)	Mexico (\$)	All Other Countries (\$)
not applicable	1.10	1.10	1.10

*Large Envelopes (Flats)*

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20	2.20
2	2.40	2.85	3.10	3.10	3.10	3.05	3.05	3.05	3.05
3	2.60	3.50	4.00	4.00	4.00	3.90	3.90	3.90	3.90
4	2.80	4.15	4.90	4.90	4.90	4.75	4.75	4.75	4.75
5	3.00	4.80	5.80	5.80	5.80	5.60	5.60	5.60	5.60
6	3.20	5.45	6.70	6.70	6.70	6.45	6.45	6.45	6.45
7	3.40	6.10	7.60	7.60	7.60	7.30	7.30	7.30	7.30
8	3.60	6.75	8.50	8.50	8.50	8.15	8.15	8.15	8.15
12	4.60	8.15	10.30	10.30	10.30	9.90	9.90	9.90	9.90
16	5.60	9.55	12.10	12.10	12.10	11.65	11.65	11.65	11.65
20	6.60	10.95	13.90	13.90	13.90	13.40	13.40	13.40	13.40
24	7.60	12.35	15.70	15.70	15.70	15.15	15.15	15.15	15.15
28	8.60	13.75	17.50	17.50	17.50	16.90	16.90	16.90	16.90
32	9.60	15.15	19.30	19.30	19.30	18.65	18.65	18.65	18.65
36	10.60	16.55	21.10	21.10	21.10	20.40	20.40	20.40	20.40
40	11.60	17.95	22.90	22.90	22.90	22.15	22.15	22.15	22.15
44	12.60	19.35	24.70	24.70	24.70	23.90	23.90	23.90	23.90
48	13.60	20.75	26.50	26.50	26.50	25.65	25.65	25.65	25.65
52	14.60	22.15	28.30	28.30	28.30	27.40	27.40	27.40	27.40
56	15.60	23.55	30.10	30.10	30.10	29.15	29.15	29.15	29.15
60	16.60	24.95	31.90	31.90	31.90	30.90	30.90	30.90	30.90
64	17.60	26.35	33.70	33.70	33.70	32.65	32.65	32.65	32.65

*Fee for Return of Undeliverable as Addressed Outbound U.S. Origin Mail Posted through a Foreign Postal Administration or Operator*

A fee is charged for the return of an undeliverable-as-addressed Outbound Single-Piece First-Class Mail International item bearing a U.S. return address which was originally posted to an international addressee through a foreign postal administration, consolidator, or operator. The fee for each returned item is equal to the First-Class Mail International postage which would have been charged if the item had been posted through the Postal Service as First-Class Mail International. The fee is charged to the return addressee.

**1130 Inbound Letter Post**

1130.1 Description

- a. Inbound Letter Post consists of inbound International pieces (originating outside of the United States and destined for delivery inside of the United States) that are subject to the provisions of the Universal Postal ~~Union~~ Convention of the Universal Postal Union and encompasses letters, packages, postcards, printed matter, and small packets, up to 2 kilograms. Letter Post items in transit through the United States from a foreign origin for delivery to a foreign destination are included in the Inbound Letter Post Grouping.
- ~~b. Inbound International matter containing personal information, partially or wholly hand-written or typewritten matter, or bills or statements of account must be mailed using Inbound Letter Post service, unless mailed using Inbound Priority Mail Express International (EMS) service.~~
- eb. Inbound Letter Post pieces, including transit mail, are sealed against inspection but may be opened by Customs and Border Protection under certain circumstances.
- ec. Inbound Letter Post pieces that are undeliverable-as-addressed are entitled to be forwarded or returned to the sender.
- ed. Postage and other charges paid by the sender are determined by the country of origin or the designated operator of the country of origin.

\* \* \* \* \*

1130.6 Prices

Foreign administrations pay the Postal Service for the delivery of inbound mail at prices set by the Universal Postal ~~Union~~ Convention, known as terminal dues. Payment by the foreign administration is made in accordance with Universal Postal ~~Union~~ Convention Article 12 and associated UPU Letter Post Regulations. This information is available in the Letter Post Manual at [www.upu.int](http://www.upu.int).

**1200 Standard Mail (Commercial and Nonprofit)**

\* \* \* \* \*

**1205 High Density and Saturation Letters**

\* \* \* \* \*

1205.4 Price Categories

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

- Saturation  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
- High Density Plus  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
- High Density  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
- Saturation, High Density Plus, and High Density Nonautomation  
Regular  
None, DSCF, and DNDC, ~~and~~ DDU
- Saturation, High Density Plus, and High Density Nonautomation  
Nonprofit  
None, DSCF, and DNDC, ~~and~~ DDU
- Move Update Noncompliance Charge
- Move Update Assessment Charge

1205.5 Optional Features

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

- Forwarding-and-Return Service
- Repositionable Notes
- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Certificate of Mailing (1505.6)

- Full-service Intelligent Mail Option
- Picture Permit Imprint Indicia
- EDDM Coupon Program (March 1, 2014 to December 31, 2014)
- High Density and Saturation Incentive Program (January 1, 2014 to December 31, 2014)
- Branded Color Mobile Technology -Coupon/Click-to-Call Promotion (March 1, 2013 to April 30, 2013) (February 1, 2014 to March 31, 2014)
- Earned Value Reply Mail-BRM/CRM Promotion (April 1, 2014 to June 30, 2014)
- Mail an Digital Personalization Promotion (May 1, 2014 to June 30, 2014)
- Emerging Technology-Near Field Communication Promotion (August 1, 2014 to September 30, 2014)
- ~~Picture Permit Promotion (August 1, 2013 to September 30, 2013)~~
- Mail Drives Mobile Commerce Buy-It-Now Promotion (November 1, 2014 to December 31, 2014)

1205.6 Prices

*Saturation Letters (3.3 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.190	0.116
DNDC	0.157	0.083
DSCF	0.147	0.073

*High Density Plus Letters (3.3 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.202	0.126
DNDC	0.169	0.093
DSCF	0.159	0.083

*High Density Letters (3.3 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.205	0.129
DNDC	0.172	0.096
DSCF	0.162	0.086

*Saturation, High Density Plus, and High Density Nonautomation Letters (3.3 ounces or less) Regular*

<b>Entry Point</b>	<b>Saturation (\$)</b>	<b>High Density Plus (\$)</b>	<b>High Density (\$)</b>
None	0.202	0.228	0.233
DNDC	0.169	0.195	0.200
DSCF	0.159	0.185	0.190
DDU	-	-	-

*Saturation, High Density Plus, and High Density Nonautomation Letters (3.3 ounces or less) Nonprofit*

<b>Entry Point</b>	<b>Saturation (\$)</b>	<b>High Density Plus (\$)</b>	<b>High Density (\$)</b>
None	0.126	0.151	0.157
DNDC	0.093	0.118	0.124
DSCF	0.083	0.108	0.114
DDU	-	-	-

*Pieces weighing more than 3.3 ounces*

Automation letter-shaped pieces that weigh more than 3.3 ounces but not more than 3.5 ounces pay the applicable flats piece and pound price but receive a discount off the piece price equal to the minimum flats per-piece price minus the minimum letter per-piece price corresponding to the applicable entry point and density tier.

High Density and Saturation Letters that weigh more than 3.5 ounces, and saturation (other than pieces with a simplified address) and high density letter-shaped pieces without eligible barcodes or not meeting automation letter standards that weigh more than 3.3 ounces must pay the prices shown in the applicable Standard Mail (Commercial and Nonprofit), Mail High Density and Saturation Flats/Parcels, Flats price tables (1210.6). These pieces cannot be entered at a DDU and must be prepared as letters.

*Move Update Noncompliance Charge*

Add \$0.07 per piece in a mailing that does not comply with the Move Update standards.

*Move Update Assessment Charge*

Add \$0.07 per assessed piece, for mailings with less than 70 percent of mailpieces passing a Performance Based Verification at acceptance and which cannot demonstrate compliance with Move Update requirements.

*Forwarding-and-Return Service*

If Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.35 per piece and returned letters pay the applicable First-Class Mail price. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

*Letters including a Repositionable Note*

Add \$0.000 for each letter bearing a Repositionable Note.

*Full-service Intelligent Mail Option*

Subtract \$0.001 for each letter that complies with the requirements for the Full-service Intelligent Mail option.

*Picture Permit Imprint Indicia*

Add \$0.02 for each piece that includes Picture Permit Imprint Indicia.

High Density and Saturation Incentive Program  
(January 1, 2014 to December 31, 2014)

Commercial Saturation Letters: Provide a 20 percent postage discount, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.

Nonprofit Saturation Letters: Provide a 5 percent postage discount, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.

Commercial High Density Letters: Provide a 15 percent postage discount, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.

Nonprofit High Density Letters: Provide a 5 percent postage discount, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.

EDDM Coupon Promotion (March 1, 2014 to December 31, 2014)

Provide a postage credit of \$50 or \$100 on any EDDM mailing sent by any new customer who receives a promotion coupon during the program period. Coupons must be redeemed by January, 2015.

Branded Color Mobile -Coupon/Click-to-Call Technology Promotion  
(March 1, 2013 to April 30, 2013) (February 1, 2014 to March 31, 2014)

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats sent during the established program period, and which include print mobile technology (such as a QR code) ~~a two-dimensional mobile barcode~~ with creative elements including color graphics, inside or on the mailpiece. ~~The barcode must either lead the recipient to a coupon that can be stored on a mobile device, or enable the recipient to connect by telephone to another person or call center via a mobile device.~~ To receive the discount, mailers must comply with the eligibility requirements of the program.

Earned Value Reply Mail -BRM/CRM Promotion  
(April 1, 2014 to June 30, 2014)

Provide a \$0.02 or \$0.03 per-piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope, and comply with all other eligibility requirements of the program. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2013 Earned Value Promotion and increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2014.

Mail and Digital Personalization Promotion  
(May 1, 2014 to June 30, 2014)

Provide a two percent discount on the qualifying postage for First-Class Mail presort and automation letters, cards, and flats and Standard Mail letters and flats sent during the established program period, and which include print mobile technology leading the recipient to a customized or personalized url, and webpage, creating a mobile experience that offers relevant messaging and content. The mailpiece itself must also be customized to the recipient. To receive the discount, mailers must comply with the eligibility requirements of the program.

Emerging Technology – Near Field Communication Promotion  
(August 1, 2014 to September 30, 2014)

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and ~~which that~~ include affixed or embedded technology that allows the recipient to engage in an experience facilitated via Near Field Communication, or other qualifying emerging technology leading to a mobile experience. ~~print that allows the recipient to engage in one of the following: (1) an augmented reality experience facilitated by a smartphone or computer, (2) authentication of the recipient's identity, or (3) an experience facilitated via Near Field Communication.~~ To receive the discount, mailers must comply with the eligibility requirements of the program.

Picture Permit Promotion (August 1, 2013 to September 30, 2013)

~~Eliminate the Picture Permit charge for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and that include approved Picture Permit Imprint Indicia. To have the Picture Permit charge eliminated, mailers must comply with the eligibility requirements of the program.~~

Mail Drives Mobile Commerce Buy-It-Now Promotion  
(November 1, 2014 to December 31, 2014)

Provide a two percent discount on the qualifying postage for Standard Mail presort or automation letters, postcards, and flats which include a mobile barcode inside or on the mailpiece 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. Mailers may also qualify for an additional one percent postage rebate if a portion of their orders are fulfilled via Priority Mail with USPS Tracking during the established fulfillment period.

**1210 High Density and Saturation Flats/Parcels**

\* \* \* \* \*

1210.4 Price Categories

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

- Saturation Flats  
DDU, DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
- Saturation Parcels  
Volume Tiers, with Handling Fees for DDU, DSCF, and DNDC/DSCF  
entry levels  
Commercial and Nonprofit eligible
- High Density Plus Flats  
DDU, DFSS Scheme, DFSS Facility, DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
- High Density Flats  
DDU, DFSS Scheme, DFSS Facility, DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
- Move Update Noncompliance Charge
- Move Update Assessment Charge

1210.5 Optional Features

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

- Detached Address Labels: – except for Simplified Address flats
- Forwarding-and-Return Services
- Repositionable Notes: flats only
- ~~Samples Promotion (August 1, 2013 to September 30, 2013)~~
- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Certificate of Mailing (1505.6)
  - USPS Tracking: parcels only (1505.8)

- Bulk Insurance: parcels only (1505.9)
- Full-service Intelligent Mail Option: high density flats only
- Picture Permit Imprint Indicia: flats only
- EDDM Coupon Program (March 1, 2014 to December 31, 2014)
- High Density and Saturation Incentive Program (January 1, 2014 to December 31, 2014)
- Branded Color Mobile Technology -Coupon/Click-to-Call Promotion: Flats Only (March 1, 2013 to April 30, 2013) (February 1, 2014 to March 31, 2014)
- Earned Value Reply Mail-BRM/CRM Promotion: Flats Only (April 1, 2014 to June 30, 2014)
- Mail an Digital Personalization Promotion: Flats Only (May 1, 2014 to June 30, 2014)
- Emerging Technology-Near Field Communication Promotion: Flats Only (August 1, 2014 to September 30, 2014)
- ~~Picture Permit Promotion (August 1, 2013 to September 30, 2013)~~
- Mail Drives Mobile Commerce Buy-It-Now Promotion: Flats Only (November 1, 2014 to December 31, 2014)

1210.6 Prices

*Saturation Flats (3.3 ounces or less)*

Entry Point	Commercial (\$)		Nonprofit (\$)
	<u>EDDM</u>	<u>Other</u>	
Origin	<u>0.203</u>	0.202	0.126
DNDC	<u>0.170</u>	0.169	0.093
DSCF	<u>0.160</u>	0.159	0.083
DDU	<u>0.151</u>	0.150	0.074

*Saturation Flats (greater than 3.3 ounces)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Per Piece	0.076	0.035

b. Per Pound

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.612	0.442
DNDC	0.451	0.281
DSCF	0.403	0.233
DDU	0.360	0.190

*Saturation Parcels*

a. Per Piece

<b>Mailing Volume Tier</b>	<b>Commercial</b>		<b>Nonprofit</b>	
	<b>Small (\$)</b>	<b>Large (\$)</b>	<b>Small (\$)</b>	<b>Large (\$)</b>
0-200,000	0.260	0.300	0.195	0.225
200,001-400,000	0.250	0.290	0.188	0.218
400,001-600,000	0.240	0.280	0.180	0.210
600,001-800,000	0.230	0.270	0.173	0.203
800,000-1,000,000	0.220	0.260	0.165	0.195
Over 1,000,000	0.210	0.250	0.158	0.188

b. Handling Fees for DNDC/DSCF Entry

	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
<b>Entry Point/ Presort</b>	<b>Pallet</b>	<b>Pallet</b>
DNDC – 3-Digit	45.614	36.492
DNDC – 5-Digit	74.168	59.334
DSCF – <del>5</del> 3-Digit	34.750	27.800
<b>Pallet Presort</b>	<b>Carton/Sack</b>	<b>Carton/Sack</b>
3-Digit	6.212	4.970

*High Density Plus Flats (3.3 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.228	0.151
DNDC	0.195	0.118
DSCF	0.185	0.108
<u>DFSS Facility</u>	<u>0.185</u>	<u>0.108</u>
<u>DFSS Scheme</u>	<u>0.184</u>	<u>0.107</u>
DDU	0.176	0.099

*High Density Plus Flats (greater than 3.3 ounces)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
<u>Per Piece - DFSS</u>	0.082	0.041
<u>Per Piece - Other</u>	0.083	0.042

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.612	0.442
DNDC	0.451	0.281
DSCF	0.403	0.233
<u>DFSS Facility</u>	<u>0.403</u>	<u>0.233</u>
<u>DFSS Scheme</u>	<u>0.403</u>	<u>0.233</u>
DDU	0.360	0.190

*High Density Flats (3.3 ounces or less)*

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.233	0.157
DNDC	0.200	0.124
DSCF	0.190	0.114
<u>DFSS Facility</u>	<u>0.190</u>	<u>0.114</u>
<u>DFSS Scheme</u>	<u>0.189</u>	<u>0.113</u>
DDU	0.181	0.105

*High Density Flats (greater than 3.3 ounces)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

	Commercial (\$)	Nonprofit (\$)
Per Piece - <u>DFSS</u>	0.106	0.065
<u>Per Piece - Other</u>	0.107	0.066

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.612	0.442
DNDC	0.451	0.281
DSCF	0.403	0.233
<u>DFSS Facility</u>	<u>0.403</u>	<u>0.233</u>
<u>DFSS Scheme</u>	<u>0.403</u>	<u>0.233</u>
DDU	0.360	0.190

*Move Update Noncompliance Charge*

Add \$0.07 per piece in a mailing that does not comply with the Move Update standards.

*Move Update Assessment Charge*

Add \$0.07 per assessed piece, for mailings with less than 70 percent of mailpieces passing a Performance Based Verification at acceptance and which cannot demonstrate compliance with Move Update requirements.

*Flat-shaped pieces including a Detached Address Label*

Add \$0.034~~3~~ for each piece addressed using a Detached Address Label with no advertising, and \$0.034~~3~~ for each piece using a Detached Address Label containing advertising (Detached Marketing Label).

*Forwarding-and-Return Service*

If used in conjunction with electronic or automated Address Correction Service, forwarded flats pay \$1.05 per piece and returned flats the applicable First-Class Mail price. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

*Flats including a Repositionable Note*

Add \$0.000 for each flat bearing a Repositionable Note.

*Full-service Intelligent Mail Option*

Subtract \$0.001 for each high density flat that complies with the requirements for the Full-service Intelligent Mail option.

*Picture Permit Imprint Indicia: flats only*

Add \$0.02 for each piece that includes Picture Permit Imprint Indicia.

*EDDM Coupon Promotion (March 1, 2014 to December 31, 2014)*

Provide a postage credit of \$50 or \$100 on any EDDM mailing sent by any new customer who receives a promotion coupon during the program period. Coupons must be redeemed by January, 2015.

*High Density and Saturation Incentive Program (January 1, 2014 to December 31, 2014)*

Commercial Saturation Flats: Provide a 20 percent postage discount, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.

Nonprofit Saturation Flats: Provide a 5 percent postage discount, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.

Commercial High Density Flats: Provide a 15 percent postage discount, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.

Nonprofit High Density Flats: Provide a 5 percent postage discount, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.

*Branded Color Mobile -Coupon/Click-to-Call Technology Promotion: Flats Only (March 1, 2013 to April 30, 2013) (February 1, 2014 to March 31, 2014)*

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats sent during the established program period, and which include print mobile technology (such as a QR code) ~~a two-dimensional mobile barcode with creative elements including color graphics~~, inside or on the mailpiece. ~~The barcode must either lead the recipient to a coupon that can be stored on a mobile device, or enable the recipient to connect by telephone to another person or call center via a mobile device. To~~

receive the discount, mailers must comply with the eligibility requirements of the program.

Earned Value Reply Mail -BRM/CRM Promotion: Flats Only  
(April 1, 20143 to June 30, 20143)

Provide a \$0.02 or \$0.03 per-piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope, and comply with all other eligibility requirements of the program. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2013 Earned Value Promotion and increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2014.

Mail and Digital Personalization Promotion: Flats Only  
(May 1, 2014 to June 30, 2014)

Provide a two percent discount on the qualifying postage for First-Class Mail presort and automation letters, cards, and flats and Standard Mail letters and flats sent during the established program period, and which include print mobile technology leading the recipient to a customized or personalized url, and webpage, creating a mobile experience that offers relevant messaging and content. The mailpiece itself must also be customized to the recipient. To receive the discount, mailers must comply with the eligibility requirements of the program.

Emerging Technology – Near Field Communication Promotion: Flats Only  
(August 1, 20143 to September 30, 20143)

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and which that include affixed or embedded technology that allows the recipient to engage in an experience facilitated via Near Field Communication, or other qualifying emerging technology leading to a mobile experience. print that allows the recipient to engage in one of the following: (1) an augmented reality experience facilitated by a smartphone or computer, (2) authentication of the recipient's identity, or (3) an experience facilitated via Near Field Communication. To receive the discount, mailers must comply with the eligibility requirements of the program.

~~Picture Permit Promotion (August 1, 2013 to September 30, 2013)~~

~~Eliminate the Picture Permit charge for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and that include approved Picture Permit Imprint Indicia. To have the Picture Permit charge eliminated, mailers must comply with the eligibility requirements of the program.~~

Mail Drives Mobile Commerce Buy-It-Now Promotion: Flats Only  
(November 1, 2014 to December 31, 2014)

Provide a two percent discount on the qualifying postage for Standard Mail presort or automation letters, postcards, and flats which include a mobile barcode inside or on the mailpiece 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. Mailers may also qualify for an additional one percent postage rebate if a portion of their orders are fulfilled via Priority Mail with USPS Tracking during the established fulfillment period.

~~Samples Promotion (August 1, 2013 to September 30, 2013)~~

~~Provide a five percent discount on the qualifying postage for Commercial and Nonprofit Standard Mail parcels (Carrier Route, High Density and Saturation, and marketing parcels) that are sent during the established program period, and that contain a product sample. To receive the discount, mailers must comply with the eligibility requirements of the program.~~

**1215 Carrier Route**

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1215.4 Price Categories

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

- Letters  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
- Flats  
DDU, DSCF, DFSS, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
- Parcels  
Volume Tiers, with Handling Fee for DDU, DSCF, and DNDC/DSCF  
entry levels  
Commercial and Nonprofit eligible
- Move Update Noncompliance Charge
- Move Update Assessment Charge

1215.5 Optional Features

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

- Forwarding-and-Return Services
- Repositionable Notes: letters and flats only
- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Certificate of Mailing (1505.6)
  - USPS Tracking: parcels only (1505.8)
  - Bulk Insurance: parcels only (1505.9)
- Full-service Intelligent Mail Option: letters and flats only
- Picture Permit Imprint Indicia: letters and flats only
- Branded Color Mobile Technology -Coupon/Click-to-Call Promotion: letters and flats Only (March 1, 2013 to April 30, 2013) (February 1, 2014 to March 31, 2014)

- Earned Value Reply Mail-BRM/CRM Promotion: letters and flats only  
(April 1, 2014~~3~~ to June 30, 2014~~3~~)
- Mail and Digital Personalization Promotion: letters and flats only  
(May 1, 2014 to June 30, 2014)
- Emerging Technology-Near Field Communication Promotion: letters and flats Only (August 1, 2014~~3~~ to September 30, 2014~~3~~)
- ~~Picture Permit Promotion (August 1, 2013 to September 30, 2013)~~
- Mail Drives Mobile Commerce Buy-It-Now Promotion: letters and flats only (November 1, 2014~~3~~ to December 31, 2014~~3~~)
- ~~Samples Promotion (August 1, 2013 to September 30, 2013)~~

1215.6 Prices

*Carrier Route Letters (3.3 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.283	0.207
DNDC	0.250	0.174
DSCF	0.240	0.164

*Carrier Route Letters weighing greater than 3.3 ounces*

Automation-compatible barcoded carrier route letter-sized pieces that weigh more than 3.3 ounces but not more than 3.5 ounces pay the applicable flats Standard Mail (Commercial and Nonprofit) Carrier Route piece and pound price but receive a discount off the piece price equal to the minimum flats per-piece price minus the minimum letter per-piece price corresponding to the applicable entry point and density tier.

Nonautomation basic carrier route letters pay prices shown in 1215.6 Carrier Route Flats tables. These letters cannot be entered at DDUs and must be prepared as letters.

*Carrier Route Nonautomation Letters weighing greater than 3.5 ounces*

Carrier Route letter-shaped pieces, and letter-shaped pieces without eligible barcodes or not meeting automation letter standards, that weigh more than 3.3 ounces must pay the prices shown in the applicable Standard Mail (Commercial and Nonprofit) Carrier Route Flats price

tables (1215.6). These pieces cannot be entered at a DDU and must be prepared as letters.

*Carrier Route Flats (3.3 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.283	0.207
DNDC	0.250	0.174
DSCF	0.240	0.164
<u>DFSS Facility</u>	<u>0.240</u>	<u>0.164</u>
<u>DFSS Scheme</u>	<u>0.239</u>	<u>0.163</u>
DDU	0.231	0.155

*Carrier Route Flats (greater than 3.3 ounces)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
<u>Per Piece - DFSS</u>	0.138	0.097
<u>Per Piece - Other</u>	<u>0.139</u>	<u>0.098</u>

b. Per Pound

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.700	0.530
DNDC	0.539	0.369
DSCF	0.491	0.321
<u>DFSS Facility</u>	<u>0.491</u>	<u>0.321</u>
<u>DFSS Scheme</u>	<u>0.491</u>	<u>0.321</u>
DDU	0.448	0.278

*Carrier Route Parcels*

a. Per Piece

Mailing Volume Tier	Commercial		Nonprofit	
	Small (\$)	Large (\$)	Small (\$)	Large (\$)
0-200,000	0.360	0.400	0.270	0.300
200,001-400,000	0.350	0.390	0.263	0.293
400,001-600,000	0.340	0.380	0.255	0.285
600,001-800,000	0.330	0.370	0.248	0.278
800,000-1,000,000	0.320	0.360	0.240	0.270
Over 1,000,000	0.310	0.350	0.233	0.263

b. Handling Fees for DNDC/DSCF Entry

	Commercial (\$)	Nonprofit (\$)
<b>Entry Point/ Presort</b>	<b>Pallet</b>	<b>Pallet</b>
DNDC – 3-Digit	45.614	36.492
DNDC – 5-Digit	74.168	59.334
DSCF – 5-Digit	34.750	27.800
<b>Pallet Presort</b>	<b>Carton/Sack</b>	<b>Carton/Sack</b>
3-Digit	6.212	4.970

*Move Update Noncompliance Charge*

Add \$0.07 per piece in a mailing that does not comply with the Move Update standards.

*Move Update Assessment Charge*

Add \$0.07 per assessed piece, for mailings with less than 70 percent of mailpieces passing a Performance Based Verification at acceptance and which cannot demonstrate compliance with Move Update requirements.

*Forwarding-and-Return Service*

If used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.35 per piece, forwarded flats pay \$1.05 per piece and returned letters and flats pay the applicable First-Class Mail price. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

*Letters and flats including a Repositionable Note*

Add \$0.000 for each letter or flat bearing a Repositionable Note.

*Full-service Intelligent Mail Option: letter and flats only*

Subtract \$0.001 for each carrier route letter or flat that complies with the requirements for the Full-service Intelligent Mail option.

*Picture Permit Imprint Indicia*

Add \$0.02 for each piece that includes Picture Permit Imprint Indicia.

*Branded Color Mobile -Coupon/Click-to-Call Technology Promotion: letters and flats only (March 1, 2013 to April 30, 2013) (February 1, 2014 to March 31, 2014)*

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats sent during the established program period, and which include print mobile technology (such as a QR code) ~~a two-dimensional mobile barcode~~ with creative elements including color graphics, inside or on the mailpiece. ~~The barcode must either lead the recipient to a coupon that can be stored on a mobile device, or enable the recipient to connect by telephone to another person or call center via a mobile device.~~ To receive the discount, mailers must comply with the eligibility requirements of the program.

*Earned Value Reply Mail -BRM/CRM Promotion: letters and flats only (April 1, 2014 to June 30, 2014)*

Provide a \$0.02 ~~or \$0.03~~ per-piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope,

and comply with all other eligibility requirements of the program. Rebates may be applied to future mailings of First-Class Mail and Standard Mail presort or automation letters, postcards, and flats. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2013 Earned Value Promotion and increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2014.

*Mail and Digital Personalization Promotion: letters and flats only  
(May 1, 2014 to June 30, 2014)*

Provide a two percent discount on the qualifying postage for First-Class Mail presort and automation letters, cards, and flats and Standard Mail letters and flats sent during the established program period, and which include print mobile technology leading the recipient to a customized or personalized url, and webpage, creating a mobile experience that offers relevant messaging and content. The mailpiece itself must also be customized to the recipient. To receive the discount, mailers must comply with the eligibility requirements of the program.

*Emerging Technology – Near Field Communication Promotion: letters and flats only (August 1, 2014 to September 30, 2014)*

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and which that include affixed or embedded technology that allows the recipient to engage in an experience facilitated via Near Field Communication, or other qualifying emerging technology leading to a mobile experience. print that allows the recipient to engage in one of the following: (1) an augmented reality experience facilitated by a smartphone or computer, (2) authentication of the recipient's identity, or (3) an experience facilitated via Near Field Communication. To receive the discount, mailers must comply with the eligibility requirements of the program.

*Picture Permit Promotion (August 1, 2013 to September 30, 2013)*

Eliminate the Picture Permit charge for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and that include approved Picture Permit Imprint Indicia. To have the Picture Permit charge eliminated, mailers must comply with the eligibility requirements of the program.

Mail Drives Mobile Commerce Buy-It-Now Promotion: letters and flats only (November 1, 2014 to December 31, 2014)

Provide a two percent discount on the qualifying postage for Standard Mail presort or automation letters, postcards, and flats which include a mobile barcode inside or on the mailpiece 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. Mailers may also qualify for an additional one percent postage rebate if a portion of their orders are fulfilled via Priority Mail with USPS Tracking during the established fulfillment period.

~~Samples Promotion (August 1, 2013 to September 30, 2013)~~

~~Provide a five percent discount on the qualifying postage for Commercial and Nonprofit Standard Mail parcels (Carrier Route, High Density and Saturation, and marketing parcels) that are sent during the established program period, and that contain a product sample. To receive the discount, mailers must comply with the eligibility requirements of the program.~~

**1220 Letters**

\* \* \* \* \*

1220.5 Optional Features

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

- Forwarding-and-Return Services
- Repositionable Notes
- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Certificate of Mailing (1505.6)
- Full-service Intelligent Mail Option: automation letters only
- Picture Permit Imprint Indicia
- Branded Color Mobile Technology -Coupon/Click-to-Call Promotion (March 1, 2013 to April 30, 2013) (February 1, 2014 to March 31, 2014)
- Earned Value Reply Mail-BRM/CRM Promotion (April 1, 2014 to June 30, 2014)
- Mail and Digital Personalization Promotion (May 1, 2014 to June 30, 2014)
- Emerging Technology-Near Field Communication Promotion (August 1, 2014 to September 30, 2014)
- ~~Picture Permit Promotion (August 1, 2013 to September 30, 2013)~~
- Mail Drives Mobile Commerce Buy-It-New Promotion (November 1, 2014 to December 31, 2014)

1220.6 Prices

*Automation Letters (3.3 ounces or less)*

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)
Origin	0.250	0.270	0.270	0.288	0.136	0.156	0.156	0.174
DNDC	0.217	0.237	0.237	0.255	0.103	0.123	0.123	0.141
DSCF	0.207	0.227	0.227	n/a	0.093	0.113	0.113	n/a

*Machinable Letters (3.3 ounces or less)*

Entry Point	Commercial		Nonprofit	
	AADC (\$)	Mixed AADC (\$)	AADC (\$)	Mixed AADC (\$)
Origin	0.281	0.299	0.167	0.185
DNDC	0.248	0.266	0.134	0.152
DSCF	0.238	n/a	0.124	n/a

*Nonmachinable Letters (3.3 ounces or less)*

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.425	0.518	0.549	0.642	0.311	0.404	0.435	0.528
DNDC	0.392	0.485	0.516	0.609	0.278	0.371	0.402	0.495
DSCF	0.382	0.475	0.506	n/a	0.268	0.361	0.392	n/a

*Pieces weighing more than 3.3 ounces but not more than 3.5 ounces*

Automation letter-shaped pieces that weigh more than 3.3 ounces but not more than 3.5 ounces pay the applicable flats piece and pound price but receive a discount off the piece price equal to the minimum flats per-piece price minus the minimum letter per-piece price corresponding to the applicable entry point and density tier.

*Nonautomation Pieces weighing greater than 3.3 ounces*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Per Piece

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Per Piece	0.254	0.328	0.379	0.416	0.130	0.204	0.255	0.292

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.756	0.653
DNDC	0.595	0.492
DSCF	0.547	0.444
DDU	0.356	0.186

*Move Update Noncompliance Charge*

Add \$0.07 per piece in a mailing that does not comply with the Move Update standards.

*Move Update Assessment Charge*

Add \$0.07 per assessed piece, for mailings with less than 70 percent of mailpieces passing a Performance Based Verification at acceptance and which cannot demonstrate compliance with Move Update requirements.

*Forwarding-and-Return Service*

If Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.35 per piece and returned letters pay the applicable First-Class Mail price. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

*Letters including a Repositionable Note*

Add \$0.000 for each letter bearing a Repositionable Note.

*Full-service Intelligent Mail Option: automation letters only*

Subtract \$0.001 for each automation letter that complies with the requirements for the Full-service Intelligent Mail option.

*Picture Permit Imprint Indicia*

Add \$0.02 for each piece that includes Picture Permit Imprint Indicia.

*Branded Color Mobile -Coupon/Click-to-Call Technology Promotion  
(March 1, 2013 to April 30, 2013) (February 1, 2014 to March 31, 2014)*

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats sent during the established program period, and which include print mobile technology (such as a QR code) ~~a two-dimensional mobile barcode~~ with creative elements including color graphics, inside or on the mailpiece. ~~The barcode must either lead the recipient to a coupon that can be stored on a mobile device, or enable the recipient to connect by telephone to another person or call center via a mobile device.~~ To receive the discount, mailers must comply with the eligibility requirements of the program.

*Earned Value Reply Mail -BRM/CRM Promotion  
(April 1, 2014 to June 30, 2014)*

Provide a \$0.02 or \$0.03 per-piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope, and comply with all other eligibility requirements of the program. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2013 Earned Value Promotion and increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2014.

*Mail and Digital Personalization Promotion  
(May 1, 2014 to June 30, 2014)*

Provide a two percent discount on the qualifying postage for First-Class Mail presort and automation letters, cards, and flats and Standard Mail letters and flats sent during the established program period, and which

include print mobile technology leading the recipient to a customized or personalized url, and webpage, creating a mobile experience that offers relevant messaging and content. The mailpiece itself must also be customized to the recipient. To receive the discount, mailers must comply with the eligibility requirements of the program.

*Emerging Technology – Near Field Communication Promotion  
(August 1, 2014~~3~~ to September 30, 2014~~3~~)*

Provide a two percent discount on the qualifying postage for ~~First-Class Mail and~~ Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and which that include affixed or embedded technology that allows the recipient to engage in an experience facilitated via Near Field Communication, or other qualifying emerging technology leading to a mobile experience. ~~print that allows the recipient to engage in one of the following: (1) an augmented reality experience facilitated by a smartphone or computer, (2) authentication of the recipient's identity, or (3) an experience facilitated via Near Field Communication.~~ To receive the discount, mailers must comply with the eligibility requirements of the program.

*Picture Permit Promotion (August 1, 2013 to September 30, 2013)*

~~Eliminate the Picture Permit charge for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and that include approved Picture Permit Imprint Indicia. To have the Picture Permit charge eliminated, mailers must comply with the eligibility requirements of the program.~~

*Mail Drives Mobile Commerce Buy-It-Now Promotion  
(November 1, 2014~~3~~ to December 31, 2014~~3~~)*

Provide a two percent discount on the qualifying postage for Standard Mail presort or automation letters, postcards, and flats which include a mobile barcode inside or on the mailpiece 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. Mailers may also qualify for an additional one percent postage rebate if a portion of their orders are fulfilled via Priority Mail with USPS Tracking during the established fulfillment period.

**1225 Flats**

\* \* \* \* \*

1225.4 Price Categories

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

- Automation
  - DFSS Scheme  
DFSS entry level  
Commercial and Nonprofit eligible
  - DFSS Facility  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
  - 5-Digit  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
  - 3-Digit  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
  - ADC  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
  - Mixed ADC  
DNDC and Origin entry levels  
Commercial and Nonprofit eligible
  
- Nonautomation
  - DFSS Scheme  
DFSS entry level  
Commercial and Nonprofit eligible
  - DFSS Facility  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
  - 5-Digit  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
  - 3-Digit  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
  - ADC  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
  - Mixed ADC  
DNDC and Origin entry levels  
Commercial and Nonprofit eligible
  
- Customized MarketMail

- Move Update Noncompliance Charge
- Move Update Assessment Charge

#### 1225.5 Optional Features

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

- Forwarding-and-Return Services
- Repositionable Notes
- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Certificate of Mailing (1505.6)
- Full-service Intelligent Mail Option: automation flats only
- Picture Permit Imprint Indicia
- Branded Color Mobile Technology -Coupon/Click-to-Call Promotion (March 1, 2013 to April 30, 2013) (February 1, 2014 to March 31, 2014)
- Earned Value Reply Mail-Promotion (April 1, 2014 to June 30, 2014)
- Mail and Digital Personalization Promotion (May 1, 2014 to June 30, 2014)
- Emerging Technology-Near Field Communication Promotion (August 1, 2014 to September 30, 2014)
- ~~Picture Permit Promotion (August 1, 2013 to September 30, 2013)~~
- Mail Drives Mobile Commerce Buy-It-Now Promotion (November 1, 2014 to December 31, 2014)

1225.6 Prices

*Automation Flats (3.3 ounces or less)*

<b>Commercial</b>						
<b>Entry Point</b>	<b><u>DFSS Scheme</u></b> <b>(\$)</b>	<b><u>DFSS Facility</u></b> <b>(\$)</b>	<b>5-Digit</b> <b>(\$)</b>	<b>3-Digit</b> <b>(\$)</b>	<b>ADC</b> <b>(\$)</b>	<b>Mixed ADC</b> <b>(\$)</b>
Origin	<u>n/a</u>	<u>0.368</u>	0.368	0.460	0.510	0.523
DNDC	<u>n/a</u>	<u>0.335</u>	0.335	0.427	0.477	0.490
DSCF	<u>n/a</u>	<u>0.325</u>	0.325	0.417	0.467	
<u>DFSS</u>	<u>0.324</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

  

<b>Nonprofit</b>						
<b>Entry Point</b>	<b><u>DFSS Scheme</u></b> <b>(\$)</b>	<b><u>DFSS Facility</u></b> <b>(\$)</b>	<b>5-Digit</b> <b>(\$)</b>	<b>3-Digit</b> <b>(\$)</b>	<b>ADC</b> <b>(\$)</b>	<b>Mixed ADC</b> <b>(\$)</b>
Origin	<u>n/a</u>	<u>0.225</u>	0.225	0.315	0.365	0.378
DNDC	<u>n/a</u>	<u>0.192</u>	0.192	0.282	0.332	0.345
DSCF	<u>n/a</u>	<u>0.182</u>	0.182	0.272	0.322	<u>n/a</u>
<u>DFSS</u>	<u>0.181</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

*Automation Flats (greater than 3.3 ounces)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

<b>Commercial</b>						
	<b><u>DFSS Scheme</u></b>	<b><u>DFSS Facility</u></b>	<b>5-Digit</b> <b>(\$)</b>	<b>3-Digit</b> <b>(\$)</b>	<b>ADC</b> <b>(\$)</b>	<b>Mixed ADC</b> <b>(\$)</b>
<u>Per Piece-DFSS</u>	<u>0.211</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
<u>Per Piece-Other</u>	<u>n/a</u>	<u>0.212</u>	<u>0.212</u>	<u>0.304</u>	<u>0.354</u>	<u>0.367</u>

Nonprofit						
	<u>DFSS Scheme</u>	<u>DFSS Facility</u>	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Per Piece- <u>DFSS</u>	<u>0.089</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Per Piece- <u>Other</u>	<u>n/a</u>	<u>0.090</u>	<u>0.090</u>	<u>0.180</u>	<u>0.230</u>	<u>0.243</u>

b. Per Pound

Commercial						
Entry Point	<u>DFSS Scheme (\$)</u>	<u>DFSS Facility (\$)</u>	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>n/a</u>	<u>0.756</u>	0.756	0.756	0.756	0.756
DNDC	<u>n/a</u>	<u>0.595</u>	0.595	0.595	0.595	0.595
DSCF	<u>n/a</u>	<u>0.547</u>	0.547	0.547	0.547	n/a
<u>DFSS</u>	<u>0.547</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

Nonprofit						
Entry Point	<u>DFSS Scheme (\$)</u>	<u>DFSS Facility (\$)</u>	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>n/a</u>	<u>0.653</u>	0.653	0.653	0.653	0.653
DNDC	<u>n/a</u>	<u>0.492</u>	0.492	0.492	0.492	0.492
DSCF	<u>n/a</u>	<u>0.444</u>	0.444	0.444	0.444	n/a
<u>DFSS</u>	<u>0.444</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

Nonautomation Flats (3.3 ounces or less)

Commercial						
Entry Point	<u>DFSS Scheme</u> (\$)	<u>DFSS Facility</u> (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>n/a</u>	<u>0.410</u>	0.410	0.484	0.535	0.572
DNDC	<u>n/a</u>	<u>0.377</u>	0.377	0.451	0.502	0.539
DSCF	<u>n/a</u>	<u>0.367</u>	0.367	0.441	0.492	n/a
<u>DFSS</u>	<u>0.366</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

Nonprofit						
Entry Point	<u>DFSS Scheme</u> (\$)	<u>DFSS Facility</u> (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>n/a</u>	<u>0.265</u>	0.265	0.339	0.390	0.427
DNDC	<u>n/a</u>	<u>0.232</u>	0.232	0.306	0.357	0.394
DSCF	<u>n/a</u>	<u>0.222</u>	0.222	0.296	0.347	n/a
<u>DFSS</u>	<u>0.221</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

Nonautomation Flats (greater than 3.3 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

Commercial						
	<u>DFSS Scheme</u>	<u>DFSS Facility</u>	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Per Piece- <u>DFSS</u>	<u>0.253</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Per Piece- <u>Other</u>	<u>n/a</u>	<u>0.254</u>	<u>0.254</u>	<u>0.328</u>	<u>0.379</u>	<u>0.416</u>

Nonprofit						
	<u>DFSS Scheme</u>	<u>DFSS Facility</u>	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Per Piece- <u>DFSS</u>	<u>0.129</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Per Piece- <u>Other</u>	<u>n/a</u>	<u>0.130</u>	<u>0.130</u>	<u>0.204</u>	<u>0.255</u>	<u>0.292</u>

b. Per Pound

Commercial						
Entry Point	<u>DFSS Scheme</u> (\$)	<u>DFSS Facility</u> (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>n/a</u>	<u>0.756</u>	0.756	0.756	0.756	0.756
DNDC	<u>n/a</u>	<u>0.595</u>	0.595	0.595	0.595	0.595
DSCF	<u>n/a</u>	<u>0.547</u>	0.547	0.547	0.547	n/a
<u>DFSS</u>	<u>0.547</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

Nonprofit						
Entry Point	<u>DFSS Scheme</u> (\$)	<u>DFSS Facility</u> (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>n/a</u>	<u>0.653</u>	0.653	0.653	0.653	0.653
DNDC	<u>n/a</u>	<u>0.492</u>	0.492	0.492	0.492	0.492
DSCF	<u>n/a</u>	<u>0.444</u>	0.444	0.444	0.444	n/a
<u>DFSS</u>	<u>0.444</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

Customized MarketMail Prices

	Commercial (\$)	Nonprofit (\$)
Per Piece	0.440	0.319

*Move Update Noncompliance Charge*

Add \$0.07 per piece in a mailing that does not comply with the Move Update standards.

*Move Update Assessment Charge*

Add \$0.07 per assessed piece, for mailings with less than 70 percent of mailpieces passing a Performance Based Verification at acceptance and which cannot demonstrate compliance with Move Update requirements.

*Forwarding-and-Return Service*

If Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, forwarded flats pay \$1.05 per piece and returned flats pay the applicable First-Class Mail price. All other flats requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

*Flats including a Repositionable Note*

Add \$0.000 for each flat bearing a Repositionable Note.

*Full-service Intelligent Mail Option: automation flats only*

Subtract \$0.001 for each automation flat that complies with the requirements for the Full-service Intelligent Mail option.

*Picture Permit Imprint Indicia*

Add \$0.02 for each piece that includes Picture Permit Imprint Indicia.

*Branded Color Mobile -Coupon/Click-to-Call Technology Promotion  
(~~March 1, 2013 to April 30, 2013~~) (February 1, 2014 to March 31, 2014)*

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats sent during the established program period, and which include print mobile technology (such as a QR code) ~~a two-dimensional mobile barcode with creative elements including color graphics~~, inside or on the mailpiece. ~~The barcode must either lead the recipient to a coupon that can be stored on a mobile device, or enable the recipient to connect by telephone to another person or call center via a mobile device. To~~

receive the discount, mailers must comply with the eligibility requirements of the program.

Earned Value Reply Mail Promotion  
(April 1, 2014 to June 30, 2014)

Provide a \$0.02 or \$0.03 per-piece rebate on all Business Reply Mail and Courtesy Reply Mail pieces that meet program requirements and are returned to the registered customer during the program period. To receive the rebate, registered customers must have mailed out pieces that included a Business Reply Mail or Courtesy Reply Mail envelope, and comply with all other eligibility requirements of the program. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2013 Earned Value Promotion and increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2014.

Mail and Digital Personalization Promotion  
(May 1, 2014 to June 30, 2014)

Provide a two percent discount on the qualifying postage for First-Class Mail presort and automation letters, cards, and flats and Standard Mail letters and flats sent during the established program period, and which include print mobile technology leading the recipient to a customized or personalized url, and webpage, creating a mobile experience that offers relevant messaging and content. The mailpiece itself must also be customized to the recipient. To receive the discount, mailers must comply with the eligibility requirements of the program.

Emerging Technology – Near Field Communication Promotion  
(August 1, 2014 to September 30, 2014)

Provide a two percent discount on the qualifying postage for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and which that include affixed or embedded technology that allows the recipient to engage in an experience facilitated via Near Field Communication, or other qualifying emerging technology leading to a mobile experience. print that allows the recipient to engage in one of the following: (1) an augmented reality experience facilitated by a smartphone or computer, (2) authentication of the recipient's identity, or (3) an experience facilitated via Near Field Communication. To receive the discount, mailers must comply with the eligibility requirements of the program.

~~*Picture Permit Promotion (August 1, 2013 to September 30, 2013)*~~

~~Eliminate the Picture Permit charge for First-Class Mail and Standard Mail presort or automation letters, postcards, and flats that are sent during the established program period, and that include approved Picture Permit Imprint Indicia. To have the Picture Permit charge eliminated, mailers must comply with the eligibility requirements of the program.~~

~~*Mail Drives Mobile Commerce Buy-It-Now Promotion  
(November 1, 2014 to December 31, 2014)*~~

~~Provide a two percent discount on the qualifying postage for Standard Mail presort or automation letters, postcards, and flats which include a mobile barcode inside or on the mailpiece 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. Mailers may also qualify for an additional one percent postage rebate if a portion of their orders are fulfilled via Priority Mail with USPS Tracking during the established fulfillment period.~~

**1230 Parcels**

\* \* \* \* \*

1230.5 Optional Features

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

- Forwarding-and-Return Services
- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Bulk Parcel Return Service (1505.4)
  - Certificate of Mailing (1505.6)
  - USPS Tracking (1505.8)
  - Bulk Insurance (1505.9)
  - Return Receipt (1505.13)
  - Restricted Delivery (1505.15)
  - Shipper-Paid Forwarding: parcels only (1505.16)
- ~~Samples Promotion (August 1, 2013 to September 1, 2013)~~

\* \* \* \* \*

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	1.086	1.487	n/a	n/a	1.011	1.412
DNDC	0.656	0.742	1.040	n/a	0.581	0.667	0.965	n/a
DSCF	0.607	0.693	n/a	n/a	0.532	0.618	n/a	n/a
DDU	0.570	n/a	n/a	n/a	0.495	n/a	n/a	n/a

*Marketing Parcels (greater than 3.3 ounces)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	0.490	0.576	0.874	1.275	0.431	0.517	0.815	1.216

b. Per Pound

Entry Point	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Origin	n/a	n/a	1.030	1.030	n/a	n/a	0.951	0.951
DNDC	0.807	0.807	0.807	n/a	0.728	0.728	0.728	n/a
DSCF	0.568	0.568	n/a	n/a	0.489	0.489	n/a	n/a
DDU	0.389	n/a	n/a	n/a	0.310	n/a	n/a	n/a

*Nonprofit Machinable Parcels Prices (3.5 ounces or more)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	0.552	0.812	1.174

b. Per Pound

Entry Point	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	0.953	0.953
DNDC	0.730	0.730	n/a
DSCF	0.491	n/a	n/a
DDU	0.312	n/a	n/a

*Nonprofit Irregular Parcels (3.35 ounces or less)*

<b>Entry Point</b>	<b>5-Digit (\$)</b>	<b>SCF (\$)</b>	<b>NDC (\$)</b>	<b>Mixed NDC (\$)</b>
Origin	n/a	n/a	1.166	1.500
DNDC	0.703	0.774	1.120	n/a
DSCF	0.653	0.724	n/a	n/a
DDU	0.616	n/a	n/a	n/a

*Nonprofit Irregular Parcels (greater than 3.3 ounces)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Per Piece

<b>Entry Point</b>	<b>5-Digit (\$)</b>	<b>SCF (\$)</b>	<b>NDC (\$)</b>	<b>Mixed NDC (\$)</b>
Per Piece	0.552	0.623	0.969	1.303

b. Per Pound

<b>Entry Point</b>	<b>5-Digit (\$)</b>	<b>SCF (\$)</b>	<b>NDC (\$)</b>	<b>Mixed NDC (\$)</b>
Origin	n/a	n/a	0.953	0.953
DNDC	0.730	0.730	0.730	n/a
DSCF	0.491	0.491	n/a	n/a
DDU	0.312	n/a	n/a	n/a

*Move Update Noncompliance Charge*

Add \$0.07 per piece in a mailing that does not comply with the Move Update standards.

*Move Update Assessment Charge*

Add \$0.07 per assessed piece, for mailings with less than 70 percent of mailpieces passing a Performance Based Verification at acceptance and which cannot demonstrate compliance with Move Update requirements.

*Forwarding-and-Return Service*

Pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price or Priority Mail price for the piece plus the price multiplied by a factor of 2.472.

*Non-barcoded Parcels Surcharge*

For non-barcoded parcels, add \$0.064 per piece. The surcharge does not apply to pieces sorted to 5-Digit ZIP Codes.

~~*Samples Promotion (August 1, 2013 to September 30, 2013)*~~

~~Provide a five percent discount on the qualifying postage for Commercial and Nonprofit Standard Mail parcels (Carrier Route, High Density and Saturation, and marketing parcels) that are sent during the established program period, and that contain a product sample. To receive the discount, mailers must comply with the eligibility requirements of the program.~~

**1235 Every Door Direct Mail—Retail**

\* \* \* \* \*

1235.5 Optional Features

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

None

- EDDM Coupon Promotion (January 1, 2014 to December 31, 2014)

\* \* \* \* \*

1235.6 Prices

*Saturation Flats (3.3 ounces or less)*

Entry Point	(\$)
DDU	0.168

*EDDM Coupon Promotion (January 1, 2014 to December 31, 2014)*

Provide a postage credit of \$50 or \$100 on any EDDM mailing sent by a new customer who receives a promotion coupon during the program period. Coupons must be redeemed by January of 2015.

**1300 Periodicals**

\* \* \* \* \*

**1305 In-County Periodicals**

\* \* \* \* \*

1305.6 Prices

*In-County Automation*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Pound Prices (per pound or fraction thereof)

Entry Point	Price (\$)
DDU	0.151
Non-DDU	0.197

b. Piece Prices (per addressed piece)

Presort Level	Letters (\$)	Flats (\$)
5-Digit	0.050	0.107
3-Digit	0.052	0.114
Basic	0.063	0.122

*In-County Nonautomation*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Pound Prices (per pound or fraction thereof)

Entry Point	Price (\$)
DDU	0.151
Non-DDU	0.197

b. Piece Prices (per addressed piece)

<b>Presort Level</b>	<b>Letters, Flats, and Parcels (\$)</b>
Carrier Route Saturation	0.033
Carrier Route High Density	0.047
Carrier Route Basic	0.064
5-Digit	0.113
3-Digit	0.126
Basic	0.138

*Worksharing Discount for DDU*

Each DDU entered piece receives a discount of \$0.008.

*In-County Periodicals including a Repositionable Note*

Add \$0.000 for each piece bearing a Repositionable Note.

*In-County Periodicals including a Ride-Along piece*

Add \$0.16972 for a Ride-Along item enclosed with or attached to an In-County Periodical.

*Full-service Intelligent Mail Option*

Subtract \$0.001 for each automation or Carrier Route letter or flat that complies with the requirements for the Full-service Intelligent Mail option.

**1310 Outside County Periodicals**

\* \* \* \* \*

1310.4 Price Categories

*Pound Price*

The pound price applies to all Outside County mail and is calculated based on the percentage of advertising and editorial content. Separate prices apply to advertising and editorial content and the pound price is the sum of the two. Publications authorized to mail at the Science of Agriculture rates may qualify for lower advertising pound prices than other Outside County mail. The following price categories are available for the product specified in this section:

- Advertising  
DDU, DSCF, DFSS, DADC, Zones 1-89
- Editorial  
DDU, DSCF, DFSS, DADC, All Other

*Piece Price*

The piece price applies to all Outside County mail. An editorial adjustment factor is available for each percentage of editorial content. The following price categories are available for the product specified in this section:

- Carrier Route Letters, Flats, and Parcels
  - Saturation
  - High Density
  - Basic
- Barcoded Letters  
5-Digit, 3-Digit/SCF, ADC, Mixed ADC preparation levels
- Machinable Flats and Nonbarcoded Letters
  - Barcoded Flats  
5-Digit, 3-Digit/SCF, ADC, Mixed ADC preparation levels
  - Nonbarcoded Flats and Nonbarcoded Letters  
5-Digit, 3-Digit/SCF, ADC, Mixed ADC preparation levels
- Nonmachinable Flats and Parcels
  - Barcoded Flats  
5-Digit, 3-Digit/SCF, ADC, Mixed ADC preparation levels
  - Nonbarcoded Flats and All Parcels  
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 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:

- Firm (bundle level)  
Carrier Route/5-Digit, 3-Digit/SCF, ADC, Mixed ADC container levels
- Carrier Route (bundle level)  
Carrier Route/5-Digit, 3-Digit/SCF, ADC container levels
- 5-Digit (bundle level)  
3-Digit/SCF, ADC, Mixed ADC container levels
- FSS Scheme (bundle level)  
FSS Scheme, FSS Facility, 3-Digit/SCF, ADC, Mixed ADC container levels
- 3-Digit/SCF (bundle level)  
3-Digit/SCF, ADC, Mixed ADC container levels
- ADC (bundle level)  
ADC, Mixed ADC container levels
- Mixed ADC (bundle level)  
Mixed ADC container level

### *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 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
  - 5-Digit  
DDU, DSCF, DADC, DNDC, Origin entry levels
  - FSS Scheme  
DSCF, DFSS, DADC, DNDC, Origin entry levels
  - FSS Facility

DSCF, DADC, DNDC, Origin entry levels

- 3-Digit/SCF  
DSCF, DADC, DNDC, Origin entry levels
  - ADC  
DADC, DNDC, Origin entry levels
  - Mixed ADC  
Origin entry level
- b. Sack and Tray Container Price
- Carrier Route/5-Digit  
DDU, DSCF, DADC, DNDC, Origin entry levels
  - FSS Scheme  
DSCF, DADC, DNDC, Origin entry levels
  - FSS Facility  
DSCF, DADC, DNDC, Origin entry levels
  - 3-Digit/SCF  
DSCF, DADC, DNDC, Origin entry levels
  - ADC  
DADC, DNDC, Origin entry levels
  - Mixed ADC  
Origin entry level

\* \* \* \* \*

1310.6 Prices

Charges are computed by adding the appropriate per-piece charge, per-bundle charge, per-sack charge, and per-pallet charge to the sum of the editorial (nonadvertising) pound portion and the advertising pound portion, as applicable.

*Pound Prices (per pound or fraction thereof)*

Entry Level or Zone	Regular		Science of Agriculture	
	Advertising (\$)	Editorial (\$)	Advertising (\$)	Editorial (\$)
DDU	0.140	0.118	0.105	0.118
DSCF	0.214	0.178	0.161	0.178
<u>DFSS</u>	<u>0.214</u>	<u>0.178</u>	<u>0.161</u>	<u>0.178</u>
DADC	0.229	0.190	0.172	0.190
Zones 1 & 2	0.251	0.211	0.188	0.211
Zone 3	0.275	0.211	0.275	0.211
Zone 4	0.338	0.211	0.338	0.211
Zone 5	0.433	0.211	0.433	0.211
Zone 6	0.532	0.211	0.532	0.211
Zone 7	0.655	0.211	0.655	0.211
Zone 8	0.761	0.211	0.761	0.211
<u>Zone 9</u>	<u>0.761</u>	<u>0.211</u>	<u>0.761</u>	<u>0.211</u>

*Piece Price (per addressed piece)*

a. Carrier Route Letters, Flats, and Parcels

Bundle Level	Letters, Flats, and Parcels (\$)
Saturation	0.141
High Density	0.163
Basic	0.197

b. Barcoded Letters

<b>Bundle Level</b>	<b>Barcoded Letters (\$)</b>
5-Digit	0.208
3-Digit/SCF	0.273
ADC	0.295
Mixed ADC	0.336

c. Machinable Flats and Nonbarcoded Letters

<b>Bundle Level</b>	<b>Barcoded Flats (\$)</b>	<b>Nonbarcoded Flats (\$)</b>	<b>Nonbarcoded Letters (\$)</b>
5-Digit	0.295	0.306	0.306
3-Digit/SCF	0.387	0.410	0.410
ADC	0.403	0.428	0.428
Mixed ADC	0.431	0.464	0.464

d. Nonmachinable Flats and Parcels

<b>Bundle Level</b>	<b>Barcoded Flats (\$)</b>	<b>Nonbarcoded Flats (\$)</b>	<b>Parcels (\$)</b>
5-Digit	0.323	0.324	0.324
3-Digit/SCF	0.438	0.449	0.449
ADC	0.502	0.528	0.528
Mixed ADC	0.603	0.651	0.651

e. Editorial Adjustment

A per-piece editorial adjustment is provided by subtracting \$0.001064 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 \$0.1892.

Bundle Prices (per bundle)

Bundle Level	Container Level					
	Carrier Route/ 5-Digit (\$)	<u>FSS Scheme</u> (\$)	<u>FSS Facility</u> (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
Firm	0.082			0.148	0.160	0.193
Carrier Route	0.158			0.300	0.338	0.420
5-Digit	0.151			0.156	0.214	0.297
<u>FSS Scheme</u>		<u>0.137</u>	<u>0.137</u>	<u>0.137</u>	<u>0.198</u>	<u>0.287</u>
3-Digit/SFC				0.137	0.198	0.287
ADC					0.120	0.216
Mixed ADC						0.082

Container Prices (per pallet, tray, or sack)

a. Pallet Container

Entry Point	5-Digit (\$)	<u>FSS Scheme</u>	<u>FSS Facility</u>	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	1.721					
DSCF	21.938	11.936	11.936	11.936		
<u>DFSS</u>		<u>0.000</u>				
DADC	32.476	22.261	22.261	22.261	13.335	
DNDC	34.306	25.594	25.594	25.594	24.089	
Origin	54.207	41.357	41.357	41.357	34.914	3.667

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	<u>0.866</u>	<u>0.866</u>	0.866		
DADC	1.840	<u>1.299</u>	<u>1.299</u>	1.299	0.866	
DNDC	2.165	<u>1.624</u>	<u>1.624</u>	1.624	1.515	
Origin	2.922	<u>2.273</u>	<u>2.273</u>	2.273	2.167	0.462

*Outside County Periodicals including a Repositionable Note*

Add \$0.000 for each piece bearing a Repositionable Note.

*Outside County Periodicals including a Ride-Along piece*

Add \$0.16972 for a Ride-Along item enclosed with or attached to an Outside County Periodical.

*Full-service Intelligent Mail Option*

Subtract \$0.001 for each barcoded or Carrier Route letter or flat that complies with the requirements for the Full-service Intelligent Mail option.

*Publications eligible for Nonprofit and Classroom price categories*

Publications qualified as Nonprofit, Classroom, and Limited Circulation receive a 5 percent discount on all components of postage except advertising pounds.

The 5 percent discount does not apply to commingled nonsubscriber, nonrequestor, complimentary, and sample copies in excess of the 10 percent allowance, or to Science of Agriculture mail.

The advertising pound price is not applicable to qualifying Nonprofit and Classroom publications containing 10 percent or less advertising content.

**1400 Package Services**

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**1405 Alaska Bypass Service**

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1405.6 Prices

*Alaska Bypass*

Prices are calculated by dividing the total weight of the shipment by 70 (subject to the maximum weight restriction) and multiplying the result (rounded to the nearest one-hundredth) by the appropriate Alaska Bypass price for the zone to which the parcel is addressed.

<b>Maximum Weight (pounds)</b>	<b>Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>
70	24.54	29.37

**1410 Inbound Surface Parcel Post (at UPU rates)**

1410.1 Description

- a. Inbound Surface Parcel Post consists of inbound International pieces (originating outside of the United States and destined for delivery inside of the United States) that are subject to the provisions of the Universal Postal ~~Union~~-Convention and the Parcel Post Regulations. Transit mail, which consists of surface parcel post mail transiting from a foreign country to another foreign country through the United States, is included in this grouping.

\* \* \* \* \*

1410.6 Prices

Foreign administrations pay the Postal Service for the delivery of inbound mail at prices set by the Postal Operations Council, known as inward land rates. Payment by the foreign administration is made in accordance with Universal Postal ~~Union~~-Convention Part III, Chapter 2 and associated UPU Parcel Post Regulations. This information is available in the Parcel Post Manual at [www.upu.int](http://www.upu.int).

**1415 Bound Printed Matter Flats**

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1415.4 Price Categories

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

- Carrier Route
  - Flats Sequencing System (FSS)
  - Non-FSS
  - ~~DDU~~
  - ~~DSCF~~
  - ~~DNDC~~
  - ~~Zones 1-8~~
- Presorted – A barcode discount is available for automation-compatible flats, other than DDU
  - Flats Sequencing System (FSS)
  - Non-FSS
  - ~~DDU~~
  - ~~DSCF~~
  - ~~DNDC~~
  - ~~Zones 1-8~~
- Nonpresorted – A barcode discount is available for automation-compatible flats that meet minimum piece requirements

\* \* \* \* \*

1415.6 Prices

*Carrier Route*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Flats Sequencing System (FSS)

1. Destination Entry

	<b>DDU</b>	<b>DSCF</b>	<b><u>DFSS</u></b>	<b>DNDC Zones 1 &amp; 2</b>	<b>DNDC Zone 3</b>	<b>DNDC Zone 4</b>	<b>DNDC Zone 5</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Per Piece	<del>0.383</del>	0.530	<u>0.530</u>	1.004	1.004	1.004	1.004

Per Pound	0.022	0.040	<u>0.040</u>	0.068	0.083	0.136	0.193
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2. Other Than Destination Entry

	<b>Zones Local 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zones 8 &amp; 9 (\$)</b>
Per Piece	1.145	1.145	1.145	1.145	1.145	1.145	1.145
Per Pound	0.138	0.153	0.195	0.248	0.316	0.356	0.478

b. Non-FSS

1. Destination Entry

	<b>DDU (\$)</b>	<b>DSCF (\$)</b>	<b>DNDC Zones 1 &amp; 2 (\$)</b>	<b>DNDC Zone 3 (\$)</b>	<b>DNDC Zone 4 (\$)</b>	<b>DNDC Zone 5 (\$)</b>
Per Piece	<u>0.383</u>	<u>0.530</u>	<u>1.004</u>	<u>1.004</u>	<u>1.004</u>	<u>1.004</u>
Per Pound	<u>0.022</u>	<u>0.040</u>	<u>0.068</u>	<u>0.083</u>	<u>0.136</u>	<u>0.193</u>

2. Other Than Destination Entry

	<b>Zones Local 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zones 8 &amp; 9 (\$)</b>
Per Piece	<u>1.145</u>	<u>1.145</u>	<u>1.145</u>	<u>1.145</u>	<u>1.145</u>	<u>1.145</u>	<u>1.145</u>
Per Pound	<u>0.138</u>	<u>0.153</u>	<u>0.195</u>	<u>0.248</u>	<u>0.316</u>	<u>0.356</u>	<u>0.478</u>

*Presorted*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Flats Sequencing System (FSS)

1. Destination Entry<sup>1,2</sup>

	<b>DDU</b>	<b>DSCF</b>	<b>DFSS</b>	<b>DNDC Zones 1 &amp; 2</b>	<b>DNDC Zone 3</b>	<b>DNDC Zone 4</b>	<b>DNDC Zone 5</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Per Piece	0.482	0.629	<u>0.629</u>	1.103	1.103	1.103	1.103
Per Pound	0.022	0.040	<u>0.040</u>	0.068	0.083	0.136	0.193

2. Other Than Destination Entry<sup>2</sup>

	<b>Zones Local 1 &amp; 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Zone 5</b>	<b>Zone 6</b>	<b>Zone 7</b>	<b>Zones 8 &amp; 9</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Per Piece	1.244	1.244	1.244	1.244	1.244	1.244	1.244
Per Pound	0.138	0.153	0.195	0.248	0.316	0.356	0.478

b. Non-FSS

1. Destination Entry<sup>1</sup>

	<b>DDU</b>	<b>DSCF</b>	<b>DFSS</b>	<b>DNDC Zones 1 &amp; 2</b>	<b>DNDC Zone 3</b>	<b>DNDC Zone 4</b>	<b>DNDC Zone 5</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Per Piece	<u>0.482</u>	<u>0.629</u>	<u>0.629</u>	<u>1.103</u>	<u>1.103</u>	<u>1.103</u>	<u>1.103</u>
Per Pound	<u>0.022</u>	<u>0.040</u>	<u>0.040</u>	<u>0.068</u>	<u>0.083</u>	<u>0.136</u>	<u>0.193</u>

2. Other Than Destination Entry

	<b>Zones Local 1 &amp; 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Zone 5</b>	<b>Zone 6</b>	<b>Zone 7</b>	<b>Zones 8 &amp; 9</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Per Piece	<u>1.244</u>	<u>1.244</u>	<u>1.244</u>	<u>1.244</u>	<u>1.244</u>	<u>1.244</u>	<u>1.244</u>
Per Pound	<u>0.138</u>	<u>0.153</u>	<u>0.195</u>	<u>0.248</u>	<u>0.316</u>	<u>0.356</u>	<u>0.478</u>

**Notes**

1. DDU price is not available for presorted flats that weigh 1 pound or less.
- ~~2. For barcoded automation-compatible flats prepared in mailings of at least 50 pieces, deduct \$0.03 per piece for the barcode discount. The barcode discount is not available for flats mailed at presorted DDU prices.~~

*Nonpresorted<sup>1</sup>*

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
1.0	1.84	1.89	1.95	2.04	2.14	2.20	2.40
1.5	1.84	1.89	1.95	2.04	2.14	2.20	2.40
2.0	1.93	1.99	2.07	2.19	2.33	2.41	2.67
2.5	2.02	2.10	2.20	2.35	2.52	2.62	2.95
3.0	2.11	2.20	2.32	2.50	2.71	2.83	3.22
3.5	2.20	2.31	2.45	2.66	2.90	3.04	3.50
4.0	2.29	2.41	2.57	2.81	3.09	3.25	3.77
4.5	2.38	2.52	2.70	2.97	3.28	3.46	4.05
5.0	2.47	2.62	2.82	3.12	3.47	3.67	4.32
6.0	2.65	2.83	3.07	3.43	3.85	4.09	4.87
7.0	2.83	3.04	3.32	3.74	4.23	4.51	5.42
8.0	3.01	3.25	3.57	4.05	4.61	4.93	5.97
9.0	3.19	3.46	3.82	4.36	4.99	5.35	6.52
10.0	3.37	3.67	4.07	4.67	5.37	5.77	7.07
11.0	3.55	3.88	4.32	4.98	5.75	6.19	7.62
12.0	3.73	4.09	4.57	5.29	6.13	6.61	8.17
13.0	3.91	4.30	4.82	5.60	6.51	7.03	8.72
14.0	4.09	4.51	5.07	5.91	6.89	7.45	9.27
15.0	4.27	4.72	5.32	6.22	7.27	7.87	9.82

**Notes**

- ~~1. For barcoded automation-compatible flats prepared in mailings of at least 50 pieces, deduct \$0.03 per piece for the barcode discount.~~

*Full-service Intelligent Mail Option*

Subtract \$0.001 for each presorted or Carrier Route barcoded flat that complies with the requirements for the Full-service Intelligent Mail option.

**1420 Bound Printed Matter Parcels**

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1420.6 Prices

*Carrier Route*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Destination Entry

	<b>DDU</b>	<b>DSCF</b>	<b>DNDC Zones 1 &amp; 2</b>	<b>DNDC Zone 3</b>	<b>DNDC Zone 4</b>	<b>DNDC Zone 5</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Per Piece	0.637	0.786	1.261	1.261	1.261	1.261
Per Pound	0.029	0.066	0.081	0.111	0.161	0.223

b. Other Than Destination Entry

	<b>Zones Local 1 &amp; 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Zone 5</b>	<b>Zone 6</b>	<b>Zone 7</b>	<b>Zones 8 &amp; 9</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Per Piece	1.402	1.402	1.402	1.402	1.402	1.402	1.402
Per Pound	0.172	0.205	0.249	0.315	0.388	0.447	0.588

*Presorted*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Destination Entry

	<b>DDU</b>	<b>DSCF</b>	<b>DNDC Zones 1 &amp; 2</b>	<b>DNDC Zone 3</b>	<b>DNDC Zone 4</b>	<b>DNDC Zone 5</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Per Piece	0.736	0.885	1.360	1.360	1.360	1.360
Per Pound	0.029	0.066	0.081	0.111	0.161	0.223

b. Other Than Destination Entry

	<b>Zones Local 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zones 8 &amp; 9 (\$)</b>
Per Piece	1.501	1.501	1.501	1.501	1.501	1.501	1.501
Per Pound	0.172	0.205	0.249	0.315	0.388	0.447	0.588

*Nonpresorted*

<b>Maximum Weight (pounds)</b>	<b>Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zones 8 &amp; 9 (\$)</b>
1.0	2.49	2.55	2.61	2.70	2.82	2.88	3.09
1.5	2.49	2.55	2.61	2.70	2.82	2.88	3.09
2.0	2.60	2.68	2.76	2.88	3.04	3.12	3.40
2.5	2.72	2.82	2.92	3.07	3.27	3.37	3.72
3.0	2.83	2.95	3.07	3.25	3.49	3.61	4.03
3.5	2.95	3.09	3.23	3.44	3.72	3.86	4.35
4.0	3.06	3.22	3.38	3.62	3.94	4.10	4.66
4.5	3.18	3.36	3.54	3.81	4.17	4.35	4.98
5.0	3.29	3.49	3.69	3.99	4.39	4.59	5.29
6.0	3.52	3.76	4.00	4.36	4.84	5.08	5.92
7.0	3.75	4.03	4.31	4.73	5.29	5.57	6.55
8.0	3.98	4.30	4.62	5.10	5.74	6.06	7.18
9.0	4.21	4.57	4.93	5.47	6.19	6.55	7.81
10.0	4.44	4.84	5.24	5.84	6.64	7.04	8.44
11.0	4.67	5.11	5.55	6.21	7.09	7.53	9.07
12.0	4.90	5.38	5.86	6.58	7.54	8.02	9.70
13.0	5.13	5.65	6.17	6.95	7.99	8.51	10.33
14.0	5.36	5.92	6.48	7.32	8.44	9.00	10.96
15.0	5.59	6.19	6.79	7.69	8.89	9.49	11.59

**1425 Media Mail/Library Mail**

\* \* \* \* \*

1425.6 Prices

*Media Mail*

<b>Maximum Weight (pounds)</b>	<b>5-Digit (\$)</b>	<b>Basic (\$)</b>	<b>Single-Piece (\$)</b>
1	1.72	2.11	2.58
2	2.18	2.57	3.04
3	2.64	3.03	3.50
4	3.10	3.49	3.96
5	3.56	3.95	4.42
6	4.02	4.41	4.88
7	4.48	4.87	5.34
8	4.92	5.31	5.78
9	5.36	5.75	6.22
10	5.80	6.19	6.66
11	6.24	6.63	7.10
12	6.68	7.07	7.54
13	7.12	7.51	7.98
14	7.56	7.95	8.42
15	8.00	8.39	8.86
16	8.44	8.83	9.30
17	8.88	9.27	9.74
18	9.32	9.71	10.18
19	9.76	10.15	10.62
20	10.20	10.59	11.06
21	10.64	11.03	11.50
22	11.08	11.47	11.94
23	11.52	11.91	12.38
24	11.96	12.35	12.82
25	12.40	12.79	13.26

Media Mail (Continued)

<b>Maximum Weight (pounds)</b>	<b>5-Digit (\$)</b>	<b>Basic (\$)</b>	<b>Single-Piece (\$)</b>
26	12.84	13.23	13.70
27	13.28	13.67	14.14
28	13.72	14.11	14.58
29	14.16	14.55	15.02
30	14.60	14.99	15.46
31	15.04	15.43	15.90
32	15.48	15.87	16.34
33	15.92	16.31	16.78
34	16.36	16.75	17.22
35	16.80	17.19	17.66
36	17.24	17.63	18.10
37	17.68	18.07	18.54
38	18.12	18.51	18.98
39	18.56	18.95	19.42
40	19.00	19.39	19.86
41	19.44	19.83	20.30
42	19.88	20.27	20.74
43	20.32	20.71	21.18
44	20.76	21.15	21.62
45	21.20	21.59	22.06
46	21.64	22.03	22.50
47	22.08	22.47	22.94
48	22.52	22.91	23.38
49	22.96	23.35	23.82
50	23.40	23.79	24.26

Media Mail (Continued)

<b>Maximum Weight (pounds)</b>	<b>5-Digit (\$)</b>	<b>Basic (\$)</b>	<b>Single-Piece (\$)</b>
51	23.84	24.23	24.70
52	24.28	24.67	25.14
53	24.72	25.11	25.58
54	25.16	25.55	26.02
55	25.60	25.99	26.46
56	26.04	26.43	26.90
57	26.48	26.87	27.34
58	26.92	27.31	27.78
59	27.36	27.75	28.22
60	27.80	28.19	28.66
61	28.24	28.63	29.10
62	28.68	29.07	29.54
63	29.12	29.51	29.98
64	29.56	29.95	30.42
65	30.00	30.39	30.86
66	30.44	30.83	31.30
67	30.88	31.27	31.74
68	31.32	31.71	32.18
69	31.76	32.15	32.62
70	32.20	32.59	33.06

*Library Mail*

<b>Maximum Weight (pounds)</b>	<b>5-Digit (\$)</b>	<b>Basic (\$)</b>	<b>Single-Piece (\$)</b>
1	1.63	2.00	2.45
2	2.07	2.44	2.89
3	2.51	2.88	3.33
4	2.95	3.32	3.77
5	3.39	3.76	4.21
6	3.83	4.20	4.65
7	4.27	4.64	5.09
8	4.69	5.06	5.51
9	5.11	5.48	5.93
10	5.53	5.90	6.35
11	5.95	6.32	6.77
12	6.37	6.74	7.19
13	6.79	7.16	7.61
14	7.21	7.58	8.03
15	7.63	8.00	8.45
16	8.05	8.42	8.87
17	8.47	8.84	9.29
18	8.89	9.26	9.71
19	9.31	9.68	10.13
20	9.73	10.10	10.55
21	10.15	10.52	10.97
22	10.57	10.94	11.39
23	10.99	11.36	11.81
24	11.41	11.78	12.23
25	11.83	12.20	12.65

*Library Mail (Continued)*

<b>Maximum Weight (pounds)</b>	<b>5-Digit (\$)</b>	<b>Basic (\$)</b>	<b>Single-Piece (\$)</b>
26	12.25	12.62	13.07
27	12.67	13.04	13.49
28	13.09	13.46	13.91
29	13.51	13.88	14.33
30	13.93	14.30	14.75
31	14.35	14.72	15.17
32	14.77	15.14	15.59
33	15.19	15.56	16.01
34	15.61	15.98	16.43
35	16.03	16.40	16.85
36	16.45	16.82	17.27
37	16.87	17.24	17.69
38	17.29	17.66	18.11
39	17.71	18.08	18.53
40	18.13	18.50	18.95
41	18.55	18.92	19.37
42	18.97	19.34	19.79
43	19.39	19.76	20.21
44	19.81	20.18	20.63
45	20.23	20.60	21.05
46	20.65	21.02	21.47
47	21.07	21.44	21.89
48	21.49	21.86	22.31
49	21.91	22.28	22.73
50	22.33	22.70	23.15

*Library Mail (Continued)*

<b>Maximum Weight (pounds)</b>	<b>5-Digit (\$)</b>	<b>Basic (\$)</b>	<b>Single-Piece (\$)</b>
51	22.75	23.12	23.57
52	23.17	23.54	23.99
53	23.59	23.96	24.41
54	24.01	24.38	24.83
55	24.43	24.80	25.25
56	24.85	25.22	25.67
57	25.27	25.64	26.09
58	25.69	26.06	26.51
59	26.11	26.48	26.93
60	26.53	26.90	27.35
61	26.95	27.32	27.77
62	27.37	27.74	28.19
63	27.79	28.16	28.61
64	28.21	28.58	29.03
65	28.63	29.00	29.45
66	29.05	29.42	29.87
67	29.47	29.84	30.29
68	29.89	30.26	30.71
69	30.31	30.68	31.13
70	30.73	31.10	31.55

**1500 Special Services**

\* \* \* \* \*

**1505 Ancillary Services**

**1505.1 Address Correction Service**

\* \* \* \* \*

1505.1.2 Prices

	(\$)
Manual correction, each	
First-Class Mail piece, on-piece correction only	0.00
Other	0.55
Electronic correction, each	
First-Class Mail piece	0.11
Other	0.30
Automated correction (Letters Only)	
First-Class Mail piece	
First two notices, for a given address change, each	0.04
Additional notices, for a given address change, each	0.11
Standard Mail piece	
First two notices, for a given address change, each	0.07
Additional notices, for a given address change, each	0.24
Full-service correction, each	0.00

**1505.2 Applications and Mailing Permits**

\* \* \* \* \*

1505.2.1 Description

\* \* \* \* \*

*Permit Imprint Application*

- a. A fee is charged for authorization to use a permit imprint as a method of payment.
- b. This fee does not apply to mailers using the Electronic Verification System (eVS) or Electronic Manifesting Solution for Parcels (EMSS) payment methods.

\* \* \* \* \*

1505.2.2 Prices

	(\$)
First-Class Mail/First-Class Package Service Presort Mailing Fee (per year)	210.00
Standard Mail/Parcel Select Lightweight Mailing Fee (per year)	210.00
Periodicals Application Fees (one-time only for each)	
A. Original Entry	670.00
B. Re-entry	75.00
C. Registration for News Agents	70.00
Bound Printed Matter: Destination Entry Mailing Fee (per year)	210.00
Media Mail Presorted Mailing Fee (per year)	210.00
Library Mail Presorted Mailing Fee (per year)	210.00
Parcel Select: Destination Entry Mailing Fee (per year)	210.00
Parcel Return Service Account Maintenance Fee (per year)	655.00
Parcel Return Service Mailing Fee (per year)	210.00
Application to Use Permit Imprint (one-time only)	210.00

**1505.3 Business Reply Mail**

\* \* \* \* \*

1505.3.2 Prices

	(\$)
Regular (no account maintenance fee)	
Permit (per year)	210.00
Per-piece charge	0.80
Regular (with account maintenance fee)	
Permit (per year)	210.00
Account maintenance (per year)	655.00
Per-piece charge	0.093
Qualified Business Reply Mail, low-volume	
Permit (per year)	210.00
Account maintenance (per year)	655.00
Per-piece charge	0.061
Qualified Business Reply Mail, high-volume	
Permit (per year)	210.00
Account maintenance (per year)	655.00
Quarterly	2,175.00
Per-piece charge	0.010
Bulk Weight Averaged (Non-letters only)	
Permit (per year)	210.00
Account maintenance (per year)	655.00
Per-piece charge	0.017
Monthly maintenance	1,090.00

**1505.4 Bulk Parcel Return Service**

\* \* \* \* \*

1505.4.2 Prices

	(\$)
Permit (per year)	210.00
Account maintenance (per year)	655.00
Per-piece charge	2.85

**1505.5 Certified Mail**

\* \* \* \* \*

1505.5.2 Prices

	<b>(\$)</b>
Per piece	3.15

**1505.6 Certificate of Mailing**

\* \* \* \* \*

1505.6.2 Prices

*Individual Piece Prices*

	<b>(\$)</b>
Original Certificate of Mailing, individual article	1.25
Three or more pieces individually listed in a firm mailing book or an approved customer provided manifest (per piece)	0.45
Each additional copy of original Certificate of Mailing or original mailing receipt for Registered Mail insured, Certified Mail, and COD mail (each copy)	1.25

*Bulk Prices*

	<b>(\$)</b>
Up to 1,000 identical-weight pieces (one certificate for total number)	7.50
Each additional 1,000 identical-weight pieces or fraction thereof	0.90
Each additional copy of the original Certificate of Mailing	1.25

**1505.7 Collect on Delivery**

1505.7.1 Description

\* \* \* \* \*

c. If delivery is attempted, but not successful, a notice will be provided to the addressee. ~~The mailer may receive a notice of nondelivery if the article is properly endorsed and the appropriate fee is paid.~~

\* \* \* \* \*

e. The mailer may designate a new addressee ~~or alter the COD charges by using Package Intercept service (2645.2) submitting the appropriate form and by paying the appropriate fee.~~

\* \* \* \* \*

1505.7.2 Prices

	(\$)		(\$)	(\$)
Amount to be collected, or insurance coverage desired, whichever is higher:				
	0.01	to	50.00	6.65
	50.01	to	100.00	8.25
	100.01	to	200.00	9.90
	200.01	to	300.00	11.55
	300.01	to	400.00	13.20
	400.01	to	500.00	14.85
	500.01	to	600.00	16.50
	600.01	to	700.00	18.15
	700.01	to	800.00	19.80
	800.01	to	900.00	21.45
	900.01	to	1,000.00	23.10
<del>Notice of nondelivery</del>				4.15
<del>Alteration of COD charges</del>				4.15
Designation of new addressee				4.15
Registered COD				5.50

**1505.8 USPS Tracking**

\* \* \* \* \*

1505.8.2 Prices

	(\$)
First-Class Mail Parcels	
Electronic>Returns with integrated retail system label	0.00
Retail	1.00
First-Class Package Service	
Electronic	0.00
Standard Mail Parcels	
Electronic	0.22
Package Services	
Returns with integrated retail system label	0.00
Electronic	0.22
Retail	1.00
Priority Mail	
Electronic>Returns with integrated retail system label	0.00
Retail	0.00
Parcel Select	
Electronic	0.00
Parcel Select	
Electronic>Returns with integrated retail system label	0.00
Retail	0.00
Standard Post	
Electronic>Returns with integrated retail system label	0.00
Retail	0.00

**1505.9 Insurance**

\* \* \* \* \*

1505.9.2 Prices

*General Insurance*<sup>1,2</sup>

	(\$)		(\$)	(\$)
Merchandise coverage:				
	0.01	to	50.00	2.00
	50.01	to	100.00	2.50
	100.01	to	200.00	3.15
	200.01	to	300.00	5.25
	300.01	to	400.00	6.45
	400.01	to	500.00	7.65
	500.01	to	600.00	8.85
	600.01	to	5,000.00	8.85 plus 1.20 for each 100.00 or fraction thereof over 600.00

**Notes**

1. Up to \$50.00 of General Insurance coverage is included at no additional cost in the price of Priority Mail pieces that bear an Intelligent Mail package barcode or retail tracking barcode. This does not apply to Priority Mail pieces sent using Merchandise Return Service, Priority Mail Open and Distribute, or Premium Forwarding Service.
2. Up to \$100.00 of General Insurance coverage is included at no additional cost in the price of Priority Mail pieces that bear an Intelligent Mail package barcode and for which the mailer pays Commercial Plus prices or uses ePostage, Electronic Verification System, Hardcopy Manifest, or an approved Manifest Mailing System. This does not apply to Priority Mail pieces sent using Merchandise Return Service, Priority Mail Open and Distribute, or Premium Forwarding Service.

*Bulk Insurance*

	(\$)		(\$)	(\$)
Amount of coverage:				
	0.01	to	50.00	1.20
	50.01	to	100.00	1.70
	100.01	to	200.00	2.35
	200.01	to	300.00	4.45
	300.01	to	5,000.00	4.45 plus 1.20 for each 100.00 or fraction thereof over 300.00

*Priority Mail Express Insurance*

	(\$)		(\$)	(\$)
Merchandise coverage:				
	0.01	to	100.00	0.00
	100.01	to	200.00	0.95
	200.01	to	500.00	2.50
	500.01	to	5,000.00	2.50 plus 1.60 for each 500.00 or fraction thereof over 500.00
Document reconstruction coverage:				
	0.01	to	100.00	0.00

**1505.10 Merchandise Return Service**

\* \* \* \* \*

1505.10.2 Prices

	(\$)
Permit (per year)	210.00
Account maintenance (per year)	655.00
Per piece	0.00

**1505.11 Parcel Airlift (PAL)**

\* \* \* \* \*

1505.11.2 Prices

	(\$)
For pieces weighing:	
Not more than 2 pounds	0.65
Over 2 but not more than 3 pounds	1.30
Over 3 but not more than 4 pounds	1.80
Over 4 but not more than 30 pounds	2.40

**1505.12 Registered Mail**

\* \* \* \* \*

1505.12.2 Prices

			(\$)	(\$)	(\$)
Declared Value:					
			0.00		11.45
		to		100.00	12.25
		to	100.01	500.00	14.15
		to	500.01	1,000.00	15.65
		to	1,000.01	2,000.00	17.15
		to	2,000.01	3,000.00	18.65
		to	3,000.01	4,000.00	20.15
		to	4,000.01	5,000.00	21.65
		to	5,000.01	6,000.00	11.45
		to	6,000.01	7,000.00	12.25
		to	7,000.01	8,000.00	14.15
		to	8,000.01	9,000.00	15.65
		to	9,000.01	10,000.00	17.15
		to	10,000.01	11,000.00	18.65
		to	11,000.01	12,000.00	20.15
		to	12,000.01	13,000.00	21.65
		to	13,000.01	14,000.00	11.45
		to	14,000.01	15,000.00	12.25
		to	15,000.01	16,000.00	14.15
		to	16,000.01	17,000.00	15.65
		to	17,000.01	18,000.00	17.15
		to	18,000.01	19,000.00	18.65
		to	19,000.01	20,000.00	20.15
		to	20,000.01	21,000.00	21.65
		to	21,000.01	22,000.00	11.45
		to	22,000.01	23,000.00	12.25
		to	23,000.01	24,000.00	14.15
		to	24,000.01	25,000.00	15.65

Prices (Continued)

	(\$)	(\$)	(\$)
Declared Value:	25,000.01	to	15,000,000.00
			21.65 plus 1.50 per additional 1,000.00 of value
	Greater than		15,000,000.00
			22,514.15 plus amount determined by the Postal Service based on weight, space, and value

**1505.13 Return Receipt**

\* \* \* \* \*

1505.13.2 Prices

	<b>(\$)</b>
Original signature	2.60
Copy of signature (electronic)	1.30
Requested after mailing	5.05

**1505.14 Return Receipt for Merchandise**

\* \* \* \* \*

1505.14.2 Prices

	<b>(\$)</b>
Per Piece (Requested at time of mailing)	4.20

**1505.15 Restricted Delivery**

\* \* \* \* \*

1505.15.2 Prices

	(\$)
Per Piece	4.85

**1505.16 Shipper-Paid Forwarding**

\* \* \* \* \*

1505.16.2 Prices

	(\$)
Account Maintenance Fee (per year)	655.00

**1505.17      Signature Confirmation**

\* \* \* \* \*

1505.17.2      Prices

	<b>(\$)</b>
Electronic	2.25
Retail	2.80

**1505.18 Special Handling**

\* \* \* \* \*

1505.18.2 Prices

<b>Weight</b>	<b>(\$)</b>
Not more than 10 pounds	9.50
More than 10 pounds	12.50

**1505.19 Stamped Envelopes**

\* \* \* \* \*

1505.19.2 Prices

	(\$)
Plain stamped envelopes	
Basic, size 6-3/4, each	0.12
Basic, size 6-3/4, 500	17.15
Basic, over size 6-3/4, each	0.12
Basic, over size 6-3/4, 500	19.55
Personalized stamped envelopes	
Basic, size 6-3/4, 50	5.65
Basic, size 6-3/4, 500	26.50
Basic, over size 6-3/4, 50	5.65
Basic, over size 6-3/4, 500	30.00
Additional Charges for premium options, per 50 envelopes	
Pressure-sensitive sealing	5.25
Font size, font style, and/or ink color (for one, two, or all three)	1.05
Window	1.05
Additional Charges for premium options, per 500 envelopes	
Pressure-sensitive sealing	15.75
Font size, font style, and/or ink color (for one, two, or all three)	2.25
Window	2.25

	(\$)
Shipping—Boxes of 50	
1 box	5.25
2 boxes	6.50
3 boxes	7.65
4 boxes	8.70
5 boxes	10.70
6 boxes	11.50
7 boxes	12.70
8 boxes	13.75
9 or more boxes	15.50
Shipping—Boxes of 500	
1 box	9.50
2 or more boxes	15.50

**1505.20 Stamped Cards**

\* \* \* \* \*

1505.20.2 Prices

	<b>(\$)</b>
Single card	0.04
Double reply-paid card	0.08
Sheet of 40 cards (uncut)	1.60
Pack of 10 sheets of 4 cards each	1.70
<b>Premium Options (Additional Charge)</b>	<b>(\$)</b>
Per order of 250 cards	
Printing of return address	20.00
Font size, font style, and/or ink color (for one, two, or all three)	1.00
Monogram	1.00
4-Color logo – first 250 cards	80.00
4-Color logo – additional 250 cards	5.00
Per Order of 1,000 cards	
Printing of return address	50.00
Font size, font style, and/or ink color (for one, two, or all three)	2.00
Monogram	2.00
4-Color logo – first 1,000 cards	85.00
4-Color logo – additional 1,000 cards	10.00

**1505.21 Premium Stamped Stationery**

\* \* \* \* \*

1505.21.2 Prices

<b>Per Unit</b>	<b>(\$)</b>
Minimum	2 times the First-Class Mail price imprinted on the stationery
Maximum	3 times the First-Class Mail price imprinted on the stationery

**1505.22 Premium Stamped Cards**

\* \* \* \* \*

1505.22.2 Prices

<b>Per Card</b>	<b>(\$)</b>
Minimum	1 times the First-Class Mail price imprinted on the card
Maximum	3 times the First-Class Mail price imprinted on the card

**1510 International Ancillary Services**

**1510.1 International Certificate of Mailing**

\* \* \* \* \*

1510.1.2 Prices

*Individual Piece Prices*

	<b>(\$)</b>
Original certificate of mailing for listed pieces of ordinary Single-Piece First-Class Mail International items	1.25
Three or more pieces individually listed in a firm mailing book or an approved customer provided manifest (per piece)	0.45
Each additional copy of original certificate of mailing or firm mailing bills (each copy)	1.25

*Multiple Piece Prices*

	<b>(\$)</b>
Up to 1,000 identical-weight pieces (one certificate for total number)	7.50
Each additional 1,000 identical-weight pieces or fraction thereof	0.90
Duplicate copy	1.25

**1510.2 International Registered Mail**

\* \* \* \* \*

1510.2.2 Prices

*Outbound International Registered Mail Prices*

	(\$)
Per Piece	13.10

*Inbound International Registered Mail Prices*

Payment is made in accordance with Part III of the Universal Postal Union Convention. This information is available in the Letter Post Manual at [www.upu.int](http://www.upu.int).

**1510.3 International Return Receipt**

\* \* \* \* \*

1510.3.2 Prices

*Outbound International Return Receipt Prices*

	(\$)
Per Piece	3.60

*Inbound International Return Receipt Prices*

No additional payment.

\* \* \* \* \*

**1510.6 Customs Clearance and Delivery Fee**

\* \* \* \* \*

1510.6.2 Prices

	(\$)
Per Dutiable Item	5.75

**1515 Address Management Services**

\* \* \* \* \*

1515.2 Prices

	(\$)
<b>Address Sequencing</b>	
Per correction (removal of each undeliverable address, or addition of each missing or new address)	0.40
Insertion of blanks	0.00
<b>AEC II Service</b>	
1-100 records resolved, minimum fee	31.00
Additional records resolved, per record	0.31
<b>AIS (Address Information System) Viewer (per year, per operating system)</b>	
City State Delivery Type Retrieval Annual Subscription	65.00*
County Name Retrieval Annual Subscription	65.00*
Delivery Statistic Retrieval Annual Subscription	92.00*
ZIP + 4 Retrieval Annual Subscription	65.00*
<b>CRIS Route (per year)</b>	
Per state (annual subscription)	35.00*
All States (annual subscription)	950.00*
<b>CASS Certification</b>	
Cycle Testing: (for next cycle) August-January	200.00
Cycle Testing: February, March	500.00
Cycle Testing: April	600.00
Cycle Testing: May	700.00
Cycle Testing: June	800.00
Cycle Testing: July	900.00
Cycle Testing: (for current cycle) After July 31 <sup>st</sup>	1,000.00

	(\$)
Change-of-Address Information for Election Boards and Registration Commissions	
Per change of address	0.40
Change-of-Address Customer Notification Letter Reprint	50.00
City State (per year)	
All States (annual subscription)	395.00*
CDS (per address, per year)	0.009
Minimum (per year)	45.00
Correction of Address Lists	
Per submitted address	0.40
Minimum charge per list (30 items)	12.00
Delivery Statistics (per year)	
All States (annual subscription)	395.00*
DMM Labeling Lists	63.00
DPV System (per year) <sup>3</sup>	11,250.00
DSF <sup>2</sup> Service (per year) <sup>4</sup>	112,000.00
Each additional location per year	56,000.00
Each additional platform per location per year	56,000.00
eLOT Service (per year)	
Per state (annual subscription)	35.00*
All States (annual subscription)	950.00*

	(\$)
Five-Digit ZIP (per year)	
All States (annual subscription)	565.00*
LACSLink5	
Interface Developer (first year)	1,125.00 <sup>6</sup>
Interface Developer (each one-year extension)	350.00 <sup>6</sup>
Interface Distributor (per year)	1,325.00 <sup>7</sup>
Data Distributor (per year)	350.00
End User (per year)	350.00 <sup>8</sup>
MASS Certification	
MASS Manufacturers (MLOCR)	
Cycle Testing: (for next cycle) November – June	500.00 <sup>9</sup>
Cycle Testing: July	1,000.00 <sup>9</sup>
Cycle Testing: (for current cycle) After July 31 <sup>st</sup>	1,500.00 <sup>10</sup>
MASS End-Users (MLOCR)	
Cycle Testing: (for next cycle) March – June	500.00 <sup>9</sup>
Cycle Testing: July	1,000.00 <sup>9</sup>
Cycle Testing: (current cycle) After July 31 <sup>st</sup>	1,500.00 <sup>10</sup>
MASS Manufacturers (Encoder)	
Cycle Testing: (for next cycle) November – June	300.00 <sup>9</sup>
Cycle Testing: July	750.00 <sup>9</sup>
Cycle Testing: (for current cycle) After July 31 <sup>st</sup>	1,000.00 <sup>10</sup>
MASS End-Users (Encoder)	
Cycle Testing: (for next cycle) March – June	300.00 <sup>9</sup>
Cycle Testing: July	750.00 <sup>9</sup>
Cycle Testing: After July 31 <sup>st</sup>	1,000.00 <sup>10</sup>
MASS IMb Quality Testing	300.00

	(\$)
NCOA <sup>Link</sup> Service <sup>11</sup>	
Initial Interface Developer (first year fee)	5,800.00
Interface Developer (per each one year extension)	1,125.00
Interface Distributor (per year)	28,500.00
Full Service Provider (per year)	195,000.00
Full Service Provider Each Additional Site (per year)	97,000.00
Limited Service Provider (per year)	17,000.00
Limited Service Provider (per each one year extension)	
One Site only	17,000.00
Each additional site	8,500.00
ANKLink Service Option (per year)	
First Site	4,000.00
Each Additional Site	1,800.00
End User/MPE (first year)	8,500.00
End User/MPE (each renewal year)	
One site (each site for MPE)	8,500.00
Each additional site (End User only)	4,000.00
ANK <sup>Link</sup> Service Option (per year)	880.00
NCOA <sup>Link</sup> Test, Audit (each)	1,125.00
Official National Zone Charts (per year)	
Matrix	60.00
Postal Explorer (CD-ROM)	20.00
RDI Service (per year) <sup>1</sup>	350.00
Z4 Change (per year)	
All States	3,400.00*
ZIP + 4 Service (per year)	
Per state (annual subscription)	35.00*
All States (annual subscription)	950.00

	<b>(\$)</b>
ZIP Code Sortation of Address Lists Per 1,000 addresses, or fraction	135.00
ZIP Move (per year) All States (annual subscription)	115.00*
99 Percent Accurate Method (per 1,000 addresses per year) Minimum (per year)	1.15 115.00

\*\*\*\*\*

**1520            Caller Service**

\* \* \* \* \*

1520.2            Prices

	<b>(\$)</b>
Groups based on Post Office location (Semi-Annual):	
Group 1	758.00
Group 2	717.00
Group 3	594.00
Group 4	584.00
Group 5	574.00
Group 6	533.00
Group 7	487.00
Call Number Reservation (Annual)	46.00

**1525 Credit Card Authentication**

\* \* \* \* \*

1525.2 Prices

	<b>(\$)</b>
Per credit card authentication	1.00

**1535 International Reply Coupon Service**

\* \* \* \* \*

1535.2 Prices

*Inbound International Reply Coupon Service Prices*

Payment is made in accordance with Part III of the Universal Postal Union Convention and associated UPU Letter Post Regulations. This information is available in the Letter Post Manual at [www.upu.int](http://www.upu.int).

**1540 International Business Reply Mail Service**

\* \* \* \* \*

1540.3 Prices

*Outbound International Business Reply Mail Service Prices*

	<b>(\$)</b>
Card	1.30
Envelope	1.80

*Inbound International Business Reply Mail Service Prices*

Payment is made in accordance with Universal Postal Union Convention Article 13. This information is available in the Letter Post Manual at [www.upu.int](http://www.upu.int).

**1545 Money Orders**

\* \* \* \* \*

1545.2 Prices

	(\$)		(\$)	(\$)
Domestic	0.01	to	500.00	1.20
Domestic	500.01	to	1,000.00	1.60
APO/FPO/DPO	0.01	to	1,000.00	0.35
Inquiry, including a copy of paid money order				5.85

**1550 Post Office Box Service**

\* \* \* \* \*

1550.4 Prices

*Regular and No Fee*

Box Size	Semi-annual Fees (Groups based on Post Office location) (\$)							
	1	2	3	4	5	6	7	E <sup>1</sup>
1	51.00	40.00	33.00	28.00	23.00	16.00	14.00	0.00
2	76.00	64.00	51.00	40.00	29.00	24.00	20.00	0.00
3	133.00	108.00	92.00	67.00	54.00	41.00	33.00	0.00
4	275.00	210.00	170.00	130.00	98.00	70.00	53.00	0.00
5	436.00	374.00	287.00	231.00	164.00	123.00	97.00	0.00

Box Size	3-Month Fees (Groups based on Post Office location) (\$)						
	1	2	3	4	5	6	7
1	29.00	23.00	19.00	16.00	13.00	9.00	8.00
2	44.00	37.00	29.00	23.00	17.00	14.00	12.00
3	76.00	62.00	53.00	39.00	31.00	24.00	19.00
4	158.00	121.00	98.00	75.00	56.00	40.00	30.00
5	251.00	215.00	165.00	133.00	94.00	71.00	56.00

**Notes**

1. When the Postal Service determines not to provide carrier delivery to a customer's physical address or business location that constitutes a potential carrier delivery point, as defined by the Postal Service, that customer becomes eligible for one Post Office Box at the Group E fee.

*Postal Facilities Primarily Serving Academic Institutions or Their Students*

<b>Period of box use (days)</b>	<b>Price</b>
95 or less	½ semiannual price
96 to 140	¾ semiannual price
141 to 190	Semiannual price
191 to 230	1 ¼ semiannual price
231 to 270	1 ½ semiannual price
271 to full year	Two times semiannual price

*Ancillary Post Office Box Services*

	<b>(\$)</b>
Key duplication or replacement	6.00
Lock replacement <sup>1</sup>	20.00
Key deposit	3.00

**Notes**

1. The lock replacement fee may also be charged as a late payment fee, regardless of whether the lock is changed.

**1555 Customized Postage**

\* \* \* \* \*

1555.2 Prices

	(\$)
Annual Participation Fee (up to two printing facilities)	325,000.00
Additional Printing Sites (3-50 sites, each site)	54,000.00
Over 50 Printing Sites (each site)	5,400.00

**1560 Stamp Fulfillment Services**

\* \* \* \* \*

1560.2 Prices

Orders mailed to domestic United States destinations	<b>(\$)</b>
Orders up to \$50.00	1.25 <sup>1</sup> ; add 2.00 <sup>2</sup> for custom orders
Orders over \$50.00	1.75 <sup>1</sup> ; add 2.00 <sup>2</sup> for custom orders
Orders mailed to destinations outside of domestic United States	<b>(\$)</b>
Orders up to \$50.00	6.25 <sup>1</sup> ; add 2.00 <sup>2</sup> for custom orders
Orders over \$50.00	6.75 <sup>1</sup> ; add 2.00 <sup>2</sup> for custom orders

**Notes**

1. Fee does not apply if the comparable fee from the Philatelic Sales pricing section is being charged for the shipment of a combined order of stamps and philatelic items. Fee also does not apply for orders consisting solely of stamped cards with a printed return address, or stamps sent as part of a subscription, in which the customer agrees to purchase a series of items of a specified type, and establishes a means of payment in advance. If a customer requests expedited shipping, then the order will be shipped using Priority Mail Express, with actual postage charged instead of the listed fees.
2. A custom order is a stamp order in configurations other than those listed for each item in the USA Philatelic catalog.

\* \* \* \* \*

**3000            Glossary Of Terms And Conditions**

\* \* \* \* \*

**3005            D**

\* \* \* \* \*

DDU (Destination Delivery Unit)  
A destination delivery unit or equivalent facility

DFSS (Destination Flat Sequencing System Facility)  
A destination facility equipped with flats sequencing systems equipment

\* \* \* \* \*

**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

**3008            G**

\* \* \* \* \*

4000

COUNTRY PRICE LISTS FOR INTERNATIONAL MAIL

Country	Market Dominant SPFCMI <sup>1</sup>	Competitive				
		FCPIS <sup>2</sup>	International Expedited Services		International Packages	IPA & ISAL <sup>6</sup>
			GXG <sup>3</sup>	PMEI <sup>4</sup>	PMI <sup>5</sup>	
*****						
<u>Curacao</u>	<u>9</u>	<u>9</u>	<u>7</u>	<u>9</u>	<u>9</u>	<u>13</u>
*****						
Netherlands Antilles	9	9	7	9	9	13
*****						
<u>Sint Maarten</u>	<u>9</u>	<u>9</u>	<u>7</u>	<u>9</u>	<u>9</u>	<u>13</u>

\*\*\*\*\*

**Workshare Discounts and Benchmarks--Single Piece Letters and Postcards**

Type of Worksharing	Benchmark	Discount[1]	Avoided Cost[2]	Passthrough
<b>First-Class Mail Single Piece Letters</b>				
<b>Qualified Business Reply Mail Barcoding</b>				
QBRM	Handwritten Reply Mail	\$0.017	\$0.017	100.0%
<b>First-Class Mail Single Piece Postcards</b>				
<b>Qualified Business Reply Mail Barcoding</b>				
QBRM	Handwritten Reply Cards	\$0.017	\$0.017	100.0%

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**Notes**

- [1] Source of Discounts: Docket No. R2013-10, Notice of Price Adjustment, Attachment A, Schedule 1105  
 Discounts are calculated by subtracting the price in question from the benchmark price
- [2] QBRM Cost Differences--Source: ACD Fiscal Year 2012, Table VII-2 - First-Class Mail Letters, Workshare Discounts and Benchmarks, Page 83

**Workshare Discounts and Benchmarks--First-Class Mail Bulk Letters and Postcards**

Type of Worksharing	Benchmark	Discount[1]	Avoided Cost[2]	Passthrough
<b>First-Class Mail Bulk Letters--Automation</b>				
<b>Barcoding &amp; Presorting (\$ / piece)</b>				
Automation Mixed AADC Letters	Metered Letters	\$0.045	\$0.045	100.0%
Automation AADC Letters	Automation Mixed AADC Letters	\$0.026	\$0.029	89.7%
Automation 3-digit Letters	Automation AADC Letters	\$0.000	\$0.006	0.0%
Automation 5-digit Letters	Automation 3-digit Letters	\$0.023	\$0.028	82.1%
<b>First-Class Mail Bulk Letters--Nonautomation</b>				
<b>Barcoding (\$ / piece)</b>				
Nonautomation Presort Letters	Bulk Metered Mail (BMM) Letters	\$0.019	\$0.063	30.2%
<b>First-Class Mail Bulk Cards--Automation</b>				
<b>Barcoding &amp; Presorting (\$ / piece)</b>				
Automation Mixed AADC Cards	Nonautomation Presort Cards	\$0.015	\$0.011	136.4%
Automation AADC Cards	Automation Mixed AADC Cards	\$0.013	\$0.010	130.0%
Automation 3-digit Cards	Automation AADC Cards	\$0.000	\$0.003	0.0%
Automation 5-digit Cards	Automation 3-digit Cards	\$0.012	\$0.018	66.7%

**Notes**

- [1] Source of Discounts: Docket No. R2013-10, Notice of Price Adjustment, Attachment A, Schedule 1110  
 Discounts are calculated by subtracting the price in question from the benchmark price
- [2] Cards Presorting and Pre-barcoding Cost Differences--Source: ACD Fiscal Year 2012, Table VII-3 - First-Class Mail Cards Workshare Discounts and Benchmarks, Page 86

**Workshare Discounts and Benchmarks--First-Class Mail Flats**

Type of Worksharing	Benchmark	Discount[1]	Avoided Cost[2]	Passthrough
<b>First-Class Mail Flats--Automation</b>				
<b>Barcoding &amp; Presorting (\$ / piece)</b>				
Automation ADC Flats	Automation Mixed ADC Flats	\$0.091	\$0.081	112.3%
Automation 3-digit Flats	Automation ADC Flats	\$0.057	\$0.057	100.0%
Automation 5-digit Flats	Automation 3-digit Flats	\$0.183	\$0.154	118.8%

**Notes**

- [1] Source of Discounts: Docket No. R2013-10, Notice of Price Adjustment, Attachment A, Schedule 1115  
Discounts are calculated by subtracting the price in question from the benchmark price
- [2] Flats Presorting and Pre-barcoding Cost Differences--Source: ACD Fiscal Year 2012, March 28, 2013,  
FY2012 FCM\_Prst\_Flats\_PRC2.xls

Workshare Discounts and Benchmarks  
Periodicals Outside County Mail

Type of Worksharing	Price <sup>(1)</sup>	Mail Processing Cost for Column C Item <sup>(2)</sup>	Delivery Cost for Column C Item <sup>(3)</sup>	Benchmark	Benchmark Price <sup>(1)</sup>	Mail Processing Cost for Column G Item <sup>(2)</sup>	Delivery Cost for Column G <sup>(3)</sup>	Mail Processing Cost Difference <sup>(4)</sup>	Delivery Cost Difference <sup>(5)</sup>	Avoided Cost <sup>(6)</sup>	Discount / (Surcharge) <sup>(7)</sup>	Passthrough <sup>(8)</sup>
	(\$)	(\$)	(\$)		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
<b>Presorting (dollars / piece)</b>												
Machinable Nonautomation ADC Flats	0.428	0.245	0.158	Machinable Nonautomation MADC Flats	0.464	0.300	0.158	0.055	0.000	0.055	0.036	65.5%
Machinable Nonautomation 3D/SCF Flats	0.410	0.206	0.158	Machinable Nonautomation ADC Flats	0.428	0.245	0.158	0.039	0.000	0.039	0.018	46.2%
Machinable Nonautomation 5D Flats	0.306	0.117	0.158	Machinable Nonautomation 3D/SCF Flats	0.410	0.206	0.158	0.069	0.000	0.069	0.104	116.9%
CR Basic	0.197	0.024	0.109	Machinable Nonautomation 5D Flats	0.306	0.117	0.158	0.093	0.049	0.142	0.109	77.0%
High Density	0.163	N/A	0.093	CR Basic	0.197	0.024	0.109		0.016	0.016	0.034	210.6%
Saturation	0.141	N/A	0.052	High Density	0.163	-	0.093		0.041	0.041	0.022	53.7%
Machinable Automation ADC Flats	0.403	0.221	0.158	Machinable Automation MADC Flats	0.431	0.270	0.158	0.049	0.000	0.049	0.028	57.1%
Machinable Automation 3D/SCF Flats	0.387	0.187	0.158	Machinable Automation ADC Flats	0.403	0.221	0.158	0.034	0.000	0.034	0.016	47.1%
Machinable Automation 5D Flats	0.295	0.106	0.158	Machinable Automation 3D/SCF Flats	0.387	0.187	0.158	0.081	0.000	0.081	0.092	114.1%
Nonmachinable Nonauto ADC Flats	0.528	0.323	0.158	Nonmachinable Nonauto MADC Flats	0.651	0.413	0.158	0.090	0.000	0.090	0.123	136.7%
Nonmachinable Nonauto 3D/SCF Flats	0.449	0.304	0.158	Nonmachinable Nonauto ADC Flats	0.528	0.323	0.158	0.019	0.000	0.019	0.079	415.8%
Nonmachinable Nonauto 5D Flats	0.324	0.174	0.158	Nonmachinable Nonauto 3D/SCF Flats	0.449	0.304	0.158	0.130	0.000	0.130	0.125	96.2%
Nonmachinable Automation ADC Flats	0.502	0.307	0.158	Nonmachinable Automation MADC Flats	0.603	0.412	0.158	0.105	0.000	0.105	0.101	96.2%
Nonmachinable Automation 3D/SCF Flats	0.438	0.300	0.158	Nonmachinable Automation ADC Flats	0.502	0.307	0.158	0.007	0.000	0.007	0.064	920.5%
Nonmachinable Automation 5D Flats	0.323	0.170	0.158	Nonmachinable Automation 3D/SCF Flats	0.438	0.300	0.158	0.130	0.000	0.130	0.115	88.1%
<b>Pre-barcoding (dollars / piece)</b>												
Machinable Automation MADC Flats	0.431	0.270	0.158	Machinable Nonautomation MADC Flats	0.464	0.300	0.158	0.030	0.000	0.030	0.033	110.0%
Nonmachinable Automation MADC Flats	0.603	0.412	0.158	Nonmachinable Nonauto MADC Flats	0.651	0.413	0.158	0.001	0.000	0.001	0.048	4800.0%
<b>Presorting Automation Letters (dollars/piece) <sup>(9)</sup></b>												
ADC Automation Letter	0.295	0.064	0.049	Mixed ADC Automation Letter	0.336	0.082	0.051	0.018	0.002	0.021	0.041	195.2%
3-Digit Automation Letter	0.273	0.060	0.049	ADC Automation Letter	0.295	0.064	0.049	0.004	0.000	0.004	0.022	550.0%
5-Digit Automation Letter	0.208	0.042	0.047	3-Digit Automation Letter	0.273	0.060	0.049	0.018	0.002	0.020	0.065	325.0%

Notes:

- [1] Source of Prices: Docket No. R2013-10, Notice of Market-Dominant Price Adjustment, Attachment A, Schedule 1310
- [2] Source of Mail Processing Costs: USPS-FY12-11.PER.Rev010713.xls  
Tab: 'SUMMARY,' Table 'CRA Controlled Direct Piece Costs by Bundle Level, Barcode Status, and Machinability.'
- [3] Source USPS-FY12-19, Workbook UDCModel.xls, Tab Table 1, USPS-FY12-1 Tab Volume1, USPS-FY12-2, Tabs, CS06, CS07, and CS10  
Carrier Route delivery costs without DALs are used.
- [4] Mail Processing Cost Difference (Column I - Column E).
- [5] Delivery Cost Difference (Column J - Column F)
- [6] Avoided cost in Column M is the sum of Columns K and L.
- [7] Discounts are calculated by subtracting the price for the line item in column C (which is given in column D) from the benchmark price for the line item in column G (which is given in column H).
- [8] The passthrough percentage in column O is the Discount (column N) divided by Avoided Cost (column M).
- [9] Letters Cost Avoidance: ACD FY2012, Table VII-20, Page 120

Periodicals Bundle and Container Pricing<sup>[1]</sup>

Bundle Pricing by Container Level

Container Level	Bundle Level	Price <sup>[2]</sup>	Bottom-up Cost <sup>[3]</sup>	Price as Percent of Cost
Mixed ADC	MADC	\$0.082	\$0.194	41.9%
	ADC	\$0.216	\$0.517	41.6%
	3-D/SCF	\$0.287	\$0.697	41.2%
	5-D	\$0.297	\$0.754	39.4%
	CR	\$0.420		
ADC	Firm Bundle	\$0.193	\$0.897	21.5%
	ADC	\$0.120	\$0.294	40.8%
	3-D/SCF	\$0.198	\$0.475	41.7%
	FSS Scheme	\$0.198		
	5-D	\$0.214	\$0.521	41.1%
3-D/SCF	CR	\$0.338	\$0.730	46.3%
	Firm Bundle	\$0.160	\$0.717	22.3%
	3-D/SCF	\$0.137	\$0.292	46.9%
	FSS Scheme	\$0.137		
	5-D	\$0.156	\$0.326	47.8%
5-D/CR	CR	\$0.300	\$0.522	57.4%
	Firm Bundle	\$0.148	\$0.519	28.5%
	5-D	\$0.151	\$0.292	51.7%
	CR	\$0.158	\$0.274	57.6%
	Firm Bundle	\$0.082	\$0.284	28.9%
FSS FAC	FSS Scheme	\$0.137		
FSS SCH	FSS Scheme	\$0.137		

Pallet Pricing by Entry Point

Pallet Level	Entry Point	Price	Bottom-up Cost	Price as Percent of Cost
Mixed ADC	OSCF	\$3.667	\$42.635	8.6%
	OADC	\$3.667	\$24.449	15.0%
	ONDC	\$3.667	\$42.635	8.6%
ADC	OSCF	\$34.914	\$68.281	51.1%
	OADC	\$34.914	\$60.497	57.7%
	OBMC	\$34.914	\$53.269	65.5%
	DBMC	\$24.089	\$42.635	56.5%
	DADC	\$13.335	\$24.449	54.5%
3-D/SCF	OSCF	\$41.357	\$70.832	58.4%
	OADC	\$41.357	\$63.048	65.6%
	OBMC	\$41.357	\$55.821	74.1%
	DBMC	\$25.594	\$45.187	56.6%
	DADC	\$22.261	\$41.935	53.1%
FSS Facility	DSCF	\$11.936	\$23.303	51.2%
	OSCF	\$41.357	\$70.832	58.4%
	OADC	\$41.357	\$63.048	65.6%
	OBMC	\$41.357	\$55.821	74.1%
	DBMC	\$25.594	\$45.187	56.6%
FSS Scheme	DADC	\$22.261	\$41.935	53.1%
	DSCF	\$11.936	\$23.303	51.2%
	OSCF	\$41.357	\$60.814	68.0%
	OADC	\$41.357	\$53.030	78.0%
	OBMC	\$41.357	\$45.803	90.3%
DBMC	\$25.594	\$35.169	72.8%	
DADC	\$22.261	\$31.918	69.7%	

Sack Pricing by Entry Point

Sack Level	Entry Point	Price	Bottom-up Cost	Price as Percent of Cost
Mixed ADC	OSCF	\$0.462	\$2.706	17.1%
	OADC	\$0.462	\$2.085	22.1%
	ONDC	\$0.462	\$3.200	14.4%
ADC	OSCF	\$2.167	\$5.250	41.3%
	OADC	\$2.167	\$4.995	43.4%
	OBMC	\$2.167	\$4.139	52.3%
	DBMC	\$1.515	\$3.200	47.3%
	DADC	\$0.866	\$2.085	41.5%
3-D/SCF	OSCF	\$2.273	\$5.376	42.3%
	OADC	\$2.273	\$5.121	44.4%
	OBMC	\$2.273	\$4.265	53.3%
	DBMC	\$1.624	\$3.326	48.8%
	DADC	\$1.299	\$3.232	40.2%
FSS Facility	DSCF	\$0.866	\$2.085	41.5%
	OSCF	\$2.273	\$5.376	42.3%
	OADC	\$2.273	\$5.121	44.4%
	OBMC	\$2.273	\$4.265	53.3%
	DBMC	\$1.624	\$3.326	48.8%
FSS Scheme	DADC	\$1.299	\$3.232	40.2%
	DSCF	\$0.866	\$2.085	41.5%
	OSCF	\$2.273	\$5.376	42.3%
	OADC	\$2.273	\$5.121	44.4%
	OBMC	\$2.273	\$4.265	53.3%
5-D/CR	DBMC	\$1.624	\$3.326	48.8%
	DADC	\$1.299	\$3.232	40.2%
	DSCF	\$0.866	\$2.085	41.5%
	OSCF	\$2.922	\$7.001	41.7%
	OADC	\$2.922	\$6.719	43.5%
5-D/CR	OBMC	\$2.922	\$5.768	50.7%
	DBMC	\$2.165	\$4.725	45.8%
	DADC	\$1.840	\$4.621	39.8%
	DSCF	\$1.407	\$3.470	40.5%
	DDU	\$0.974	\$2.325	41.9%

Notes

[1] Based on Docket No. R2006-1, PRC-LR-14. Outside County Periodicals bundle and container rates

were developed by passing through part of the respective costs, not cost differentials.

[2] Source of Bundles & Container Prices: Docket No. R2013-10, Notice of Market-Dominant Price Adjustment, Attachment A, Schedule 1310

[3] Bundle & Container Cost --USPS-FY12-11 PER AltProp9 Rev010713 Tab Summary

**Workshare Discounts and Benchmarks--Periodicals Within County Mail**

Type of Worksharing	Benchmark	Discount / (Surcharge) <sup>[1]</sup>	Avoided Cost <sup>[2]</sup>	Passthrough
<b>Periodicals Within County Mail</b>				
<b>Presorting (dollars / piece)</b>				
3-Digit Presort	Basic Presort	\$0.012	\$0.034	35.3%
5-Digit Presort	3-Digit Presort	\$0.013	\$0.115	11.3%
CR Basic	5-Digit Presort	\$0.049	\$0.158	31.0%
High Density	CR Basic	\$0.017	\$0.016	106.3%
Saturation	High Density	\$0.014	\$0.041	34.1%
3-Digit Automation Letter	Basic Automation Letter	\$0.011	\$0.015	73.3%
5-Digit Automation Letter	3-Digit Automation Letter	\$0.002	\$0.020	10.0%
<b>Pre-barcoding (dollars / piece)</b>				
Basic Automation Flats	Basic Nonautomation	\$0.016	\$0.055	29.1%
3-Digit Automation Flats	3-Digit Nonautomation	\$0.012	\$0.055	21.8%
5-Digit Automation Flats	5-Digit Nonautomation Flats	\$0.006	\$0.026	22.7%
<b>Dropship (dollars/piece)</b>				
DDU Dropship	All other zones	\$0.008	\$0.012	65.9%

**Notes**

[1] Source of Discounts: Docket No. R2013-10, Notice of Market Dominant Price Adjustment, Appendix A, Schedule 1305  
 Discounts are calculated by subtracting the price in question from the benchmark price.

[2] Cost Avoidance estimates from Tab: 'Within County Worksheet' except 5-Digit Automation Letters from Tab: 'PeriodicalsOutside County'



**CPI Workshare Discounts and Benchmarks--Standard Mail Letters (Commercial and Nonprofit)**

Type of Worksharing	Benchmark	Discount <sup>[1]</sup>	Avoided Cost <sup>[2]</sup>	Passthrough
<b>Commercial and Nonprofit Standard Mail Letters--Automation</b>				
<b>Presorting (dollars / piece)</b>				
[3] Automation AADC Letters	Automation Mixed AADC Letters	\$0.018	\$0.025	72.0%
Automation 3-digit Letters	Automation AADC Letters	\$0.000	\$0.004	0.0%
[3] Automation 5-digit Letters	Automation 3-digit Letters	\$0.020	\$0.020	100.0%
<b>Pre-barcoding (dollars / piece)</b>				
Automation Mixed AADC Letters	Nonautomation Machinable Mixed AADC Letters	\$0.011	-\$0.003	-366.7% See Note [3]
<b>Commercial and Nonprofit Standard Mail Letters--Nonautomation</b>				
<b>Presorting (dollars / piece)</b>				
Nonautomation AADC Machinable Letters	Nonautomation Mixed AADC Machinable Letters	\$0.018	\$0.018	100.0%
Nonautomation ADC Nonmachinable Letters	Nonautomation Mixed ADC Nonmachinable Letters	\$0.093	\$0.080	116.3%
Nonautomation 3-digit Nonmachinable Letters	Nonautomation ADC Nonmachinable Letters	\$0.031	\$0.027	114.8%
Nonautomation 5-digit Nonmachinable Letters	Nonautomation 3-digit Nonmachinable Letters	\$0.093	\$0.077	120.8%
<b>Commercial and Nonprofit Standard Mail Letters</b>				
<b>Drop Ship (dollars / pound)</b>				
DNDC Letters	Origin Letters	\$0.161	\$0.284	62.9%
DSCF Letters	Origin Letters	\$0.209	\$0.355	68.1%

**Notes**

- [1] Source of Discounts: Docket No. R2013-10, Notice of Market-Dominant Price Adjustment, Attachment A, Schedule 1220
- [2] Avoided Cost--Source: PRC ACD FY2012, Table VII-20 at p.120
- [3] See Tab: Order No. 1793 STD Mail Ltrs for avoided cost

**Order No. 1793**

"It is ordered:

The benchmark for automation Standard Regular 5-digit letter mail and for automation Standard Non-Profit 5-digit letter mail is the current volume-weighted average of AADC and 3-digit letters, as described in the body of this Order."

Issued July 29, 2013

<u>FY 2012 Unit Costs</u>					<u>Volume: Q4 2012-Q3 2013</u>		
<i>Regular Letters</i>					<i>Regular Letters</i>		
	<u>Processing Cost</u>	<u>Delivery Cost</u>	<u>Total Cost</u>	<u>Cost Avoidance</u>		<u>Volume</u>	<u>% of Total</u>
Mixed AADC	0.082	0.051	0.134		AADC	1,395,090,868	11%
AADC	0.064	0.049	0.113	0.021	3-Digit	<u>11,788,621,649</u>	89%
3-Digit	0.060	0.049	0.109	0.004	Total	<u>13,183,712,517</u>	
5-Digit	0.042	0.047	0.089	0.020			
<i>Nonprofit Letters</i>					<i>Nonprofit Letters</i>		
Mixed AADC	0.082	0.051	0.134		AADC	622,364,065	14%
AADC	0.064	0.049	0.113	0.021	3-Digit	<u>3,719,037,895</u>	86%
3-Digit	0.060	0.049	0.109	0.004	Total	<u>4,341,401,960</u>	
5-Digit	0.042	0.047	0.089	0.020			

Source: 2012 Annual Compliance Determination

Weighted Total Cost (Hybrid Benchmark)

Regular and Nonprofit Letters 0.109

<u>Order No. 1793</u>			
<u>Regular &amp; Nonprofit Letters</u>			
	<u>Total Cost</u>	<u>Cost Avoidance</u>	
Mixed AADC	0.134		
Hybrid Benchmark (AADC & 3-Digit)	0.109	0.025	
5-Digit	0.089	0.020	

Assumption:

Given that most of the volume in the Letters category is in Regular Letters, the cost benchmark is calculated using regular volume.

**Workshare Discounts and Benchmarks--Standard Mail Flats (Commercial and Nonprofit)**

Type of Worksharing	Benchmark	Discount <sup>[1]</sup>	Avoided Cost <sup>[2]</sup>	Passthrough
<b>Commercial Standard Mail Flats--Automation</b>				
<b>Presorting (dollars / piece)</b>				
Automation ADC Flats	Automation Mixed ADC Flats	\$0.013	\$0.032	40.6%
Automation 3-digit Flats	Automation ADC Flats	\$0.050	\$0.055	90.9%
Automation 5-digit Flats	Automation 3-digit Flats	\$0.092	\$0.087	105.7%
<b>Commercial and Nonprofit Pre-barcoding (dollars / piece)</b>				
Automation Mixed ADC Flats	Nonautomation Mixed ADC Flats	\$0.049	\$0.041	119.5%
<b>Commercial and Nonprofit Standard Mail Flats--Nonautomation</b>				
<b>Presorting (dollars / piece)</b>				
Nonautomation ADC Flats	Nonautomation Mixed ADC Flats	\$0.037	\$0.057	64.9%
Nonautomation 3-digit Flats	Nonautomation ADC Flats	\$0.051	\$0.057	89.5%
Nonautomation 5-digit Flats	Nonautomation 3-digit Flats	\$0.074	\$0.058	127.6%
<b>Commercial and Nonprofit Standard Mail Flats</b>				
<b>Drop Ship (dollars / pound)</b>				
DNDC Flats	Origin Flats	\$0.161	\$0.206	78.2%
DSCF Flats	Origin Flats	\$0.209	\$0.236	88.6%
<b>Drop Ship (dollars / piece)<sup>[3]</sup></b>				
DFSS Flats	Origin Flats	\$0.044	\$0.050	88.0%
<b>Nonprofit Standard Mail Flats--Automation</b>				
<b>Presorting (dollars / piece)</b>				
Automation 5-digit Flats	Automation 3-digit Flats	\$0.090	\$0.087	103.4%

**Notes**

- [1] Source of Discounts: Docket No. R2013-10, Notice of Market-Dominant Price Adjustment, Attachment A, Schedule 1220
- [2] Avoided Cost--Source: PRC ACD FY2012, Proposal 9  
 CRA Adj Unit Costs page (for presorting); Presort Levels Held Const page (for pre-barcoding)
- [3] Avoided Cost for Drop Ship (dollars / piece): The Commission's workpaper "FY2012 Destination Entry STD\_Total.xls", tab "CS Data by Shape" was used to convert pounds to pieces (5,641,684 / 26,809,696 = 0.210 )  
 The Avoided Cost: \$0.050 = \$0.2363 \* 0.210

**Workshare Discounts and Benchmarks--Standard Mail Parcels (Commercial and Nonprofit)**

Type of Worksharing	Benchmark	Discount <sup>[1]</sup>	Avoided Cost <sup>[2]</sup>	Passthrough
<b>Nonprofit Standard Mail Parcels</b>				
<b>Presorting (dollars / piece)</b>				
NDC Machinable Parcels	Mixed NDC Machinable Parcels	\$0.362	\$0.536	67.5%
5-digit Machinable Parcels	NDC Machinable Parcels	\$0.260	\$0.550	47.3%
NDC Irregular Parcels	Mixed NDC Irregular Parcels	\$0.334	\$0.152	219.7%
SCF Irregular Parcels	NDC Irregular Parcels	\$0.346	\$0.346	100.0%
5-digit Irregular Parcels	SCF Irregular Parcels	\$0.071	\$0.465	15.3%
<b>Pre-barcoding (dollars / piece)</b>				
Mixed NDC Machinable Barcoded Parcels	Mixed NDC Machinable Nonbarcoded Parcels	\$0.064	\$0.039	164.1%
Mixed NDC Irregular Barcoded Parcels	Mixed NDC Irregular Nonbarcoded Parcels	\$0.064	\$0.039	164.1%
<b>Commercial and Nonprofit Standard Mail Marketing Parcels</b>				
<b>Presorting (dollars / piece)</b>				
NDC Marketing Parcels	Mixed NDC Marketing Parcels	\$0.401	\$0.308	130.2%
SCF Marketing Parcels	NDC Marketing Parcels	\$0.298	\$0.275	108.4%
5-digit Marketing Parcels	SCF Marketing Parcels	\$0.086	\$0.454	18.9%
<b>Pre-barcoding (dollars / piece)</b>				
Mixed NDC Barcoded Marketing Parcels	Mixed NDC Nonbarcoded Marketing Parcels	\$0.064	\$0.039	164.1%
<b>Standard Mail Nonprofit Machinable Parcels</b>				
<b>Drop Ship (dollars / pound)</b>				
DNDC Machinable Parcels	Origin Machinable Parcels	\$0.223	\$1.513	14.7%
DSCF Machinable Parcels	Origin Machinable Parcels	\$0.462	\$1.997	23.1%
DDU Machinable Parcels	Origin Machinable Parcels	\$0.641	\$2.196	29.2%
<b>Standard Mail Nonprofit Irregular Parcels, Commercial and Nonprofit Marketing Parcels</b>				
<b>Drop Ship (dollars / pound)</b>				
DNDC Irregular Parcels, Marketing Parcels	Origin Irregular Parcels, Marketing Parcels	\$0.223	\$1.513	14.7%
DSCF Irregular Parcels, Marketing Parcels	Origin Irregular Parcels, Marketing Parcels	\$0.462	\$1.997	23.1%
DDU Irregular Parcels, Marketing Parcels	Origin Irregular Parcels, Marketing Parcels	\$0.641	\$2.196	29.2%

**Notes**

- [1] Source of Discounts: Docket No. R2013-10, Notice of Market-Dominant Price Adjustment, Attachment A, Schedule 1220
- [2] Avoided Cost--Source: PRC ACD FY2012, Table VII-21 (p. 121)

**Workshare Discounts and Benchmarks--Standard Mail Carrier Route Letters, Flats, Parcels (Commercial and Nonprofit)**

Type of Worksharing	Benchmark	Discount <sup>[1]</sup>	Avoided Cost <sup>[2]</sup>	Passthrough
<b>Standard Mail Commercial and Nonprofit CR Letters, Flats, Parcels</b>				
<b>Drop Ship (dollars / pound)</b>				
DNDC Letters	Origin Letters	\$0.161	\$0.284	56.7%
DSCF Letters	Origin Letters	\$0.209	\$0.355	58.9%
DNDC Flats	Origin Flats	\$0.161	\$0.206	78.2%
DSCF Flats	Origin Flats	\$0.209	\$0.236	88.6%
DDU Flats	Origin Flats	\$0.252	\$0.283	89.0%
<b>Drop Ship (dollars / piece)<sup>[3]</sup></b>				
DFSS Flats	Origin Flats	\$0.044	\$0.050	88.0%

**Notes**

[1] Source of Discounts: Docket No. R2013-10, Notice of Market-Dominant Price Adjustment, Attachment A, Schedule 1220

[2] Avoided Cost--Source: PRC ACD FY2012, Table VII-19 (p. 119)

[3] Avoided Cost for Drop Ship (dollars / piece): The Commission's workpaper "FY2012 Destination Entry STD\_Total.xls", tab "CS Data by Shape" was used to convert pounds to pieces (5,641,684 / 26,809,696 = 0.210 )  
 The Avoided Cost: \$0.050 = \$0.2363 \* 0.210

**Workshare Discounts and Benchmarks--Standard Mail High Density and Saturation Letters (Commercial and Nonprofit)**

Type of Worksharing	Benchmark	Discount <sup>[1]</sup>	Avoided Cost <sup>[2]</sup>	Passthrough
<b>Commercial and Nonprofit Standard Mail HD / Saturation Letters</b>				
<b>Presorting (dollars / piece)</b>				
High Density Letters	Carrier Route Letters	\$0.078	\$0.274	28.5%
<b>Commercial and Nonprofit Drop Ship (dollars / pound)</b>				
DNDC Letters	Origin Letters	\$0.161	\$0.284	56.7%
DSCF Letters	Origin Letters	\$0.209	\$0.355	58.9%

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**Notes**

- [1] Source of Discounts: Docket No. R2013-10, Notice of Market-Dominant Price Adjustment, Attachment A, Schedule 1220
- [2] Avoided Cost--Source: PRC ACD FY2012, Table VII-19 (p. 119)

**Workshare Discounts and Benchmarks--Standard Mail High Density and Saturation Flats and Parcels (Commercial and Nonprofit)**

Type of Worksharing	Benchmark	Discount <sup>[1]</sup>	Avoided Cost <sup>[2]</sup>	Passthrough
<b>Commercial and Nonprofit Standard Mail HD / Saturation Flats and Parcels</b>				
<b>Presorting (dollars / piece)</b>				
High Density Flats	Carrier Route Flats	<b>\$0.050</b>	<b>\$0.054</b>	92.6%
<b>Commercial and Nonprofit Drop Ship (dollars / pound)</b>				
DNDC Flats	Origin Flats	<b>\$0.161</b>	<b>\$0.206</b>	78.2%
DSCF Flats	Origin Flats	<b>\$0.209</b>	<b>\$0.236</b>	88.6%
DDU Flats	Origin Flats	<b>\$0.252</b>	<b>\$0.283</b>	89.0%
<b>Drop Ship (dollars / piece)<sup>[3]</sup></b>				
DFSS Flats	Origin Flats	<b>\$0.044</b>	<b>\$0.050</b>	88.0%

**Notes**

- [1] Source of Discounts: Docket No. R2013-10, Notice of Market-Dominant Price Adjustment, Attachment A, Schedule 1220
- [2] Avoided Cost--Source: PRC ACD FY2012, Table VII-19 at p. 119
- [3] Avoided Cost for Drop Ship (dollars / piece): The Commission's workpaper "FY2012 Destination Entry STD\_Total.xls", tab "CS Data by Shape" was used to convert pounds to pieces (5,641,684 / 26,809,696 = 0.210 )  
 The Avoided Cost: \$0.050 = \$0.2363 \* 0.210

**Workshare Discounts and Benchmarks--Media Mail and Library Mail**

Type of Worksharing	Benchmark	Discount <sup>[1]</sup>	Avoided Cost <sup>[2]</sup>	Passthrough
<b>Media Mail</b>				
<b>Presorting (dollars / piece)</b>				
Basic	Single Piece	0.47	0.67	70.1%
5-digit	Basic	0.39	0.30	130.0%
<b>Library Mail</b>				
<b>Presorting (dollars / piece)</b>				
Basic	Single Piece	0.45	0.67	67.2%
5-digit	Basic	0.37	0.30	123.3%

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**Notes**

- [1] Source of Discounts: Docket No. R2013-10, Notice of Market-Dominant Price Adjustment, Attachment A, Schedule 1425
- [2] Presorting Cost Differences--Source:PRC ACD FY2012 at p. 131

**Workshare Discounts and Benchmarks--Bound Printed Matter Flats**

Type of Worksharing	Benchmark	Discount <sup>[1]</sup>	Avoided Cost <sup>[2]</sup>	Passthrough
<b>BPM Flats</b>				
<b>Presorting (dollars / piece)<sup>[3]</sup></b>				
Basic Flats	Single Piece Flats	0.326	See Note [3]	
Carrier Route Flats	Basic Flats	0.099	0.151	65.6%
<b>Presorting (dollars / pound)<sup>[3]</sup></b>				
Basic, Carrier Route Flats	Single Piece Flats			
Zones 1&2		0.042	See Note [3]	
Zone 3		0.057	See Note [3]	
Zone 4		0.055	See Note [3]	
Zone 5		0.063	See Note [3]	
Zone 6		0.064	See Note [3]	
Zone 7		0.064	See Note [3]	
Zone 8		0.072	See Note [3]	
<b>Pre-barcoding (dollars / piece)<sup>[4]</sup></b>				
Single Piece Automatable Flats	Single Piece Nonautomatable Flats	0.000	See Note [4]	
Basic Automatable Flats	Basic Nonautomatable Flats	0.000	See Note [4]	
Carrier Route Automatable Flats	Carrier Route Nonautomatable Flats	0.000	See Note [4]	
<b>Drop Ship (dollars / piece)</b>				
Basic, Carrier Route DNDC Flats	Basic Origin Flats	0.141	0.141	100.0%
Basic, Carrier Route DSCF Flats	Basic Origin Flats	0.615	0.648	94.9%
Basic, Carrier Route DFSS Flats	Basic Origin Flats	0.615	0.648	94.9%
Basic, Carrier Route DDU Flats	Basic Origin Flats	0.762	0.791	96.3%

**Notes**

- [1] Source of Discounts: Docket No. R2013-10, Notice of Market-Dominant Price Adjustment, Attachment A, Schedule 1415
- [2] Presorting Cost Differences (Per Piece)--Source:PRC ACD FY2012 at p. 132  
 Drop Ship Cost Differences (Per Piece)--Source:PRC ACD FY2012 at p. 132
- [3] The BPM cost model does not estimate cost differences between single piece and presorted BPM. Single piece BPM is a residual category with low volume and adequate data are not available. Previously, rate differences between single piece and presorted BPM were based on an assumption that unit mail processing costs for single piece BPM were twice that of presorted BPM.  
 See Docket No R2006-1, USPS-T-38, p. 8.
- [4] Separate estimates of pre-barcoding cost savings are not available for BPM flats. Based on previous cost savings for BPM Parcels, the pre-barcoding discount for BPM flats implies a passthrough of 0.0%

**Workshare Discounts and Benchmarks--Bound Printed Matter Parcels**

Type of Worksharing	Benchmark	Discount <sup>[1]</sup>	Avoided Cost <sup>[2]</sup>	Passthrough
<b>BPM Parcels / IPPs</b>				
<b>Presorting (dollars / piece)<sup>[3]</sup></b>				
Basic Parcels / IPPs	Single Piece Parcels / IPPs	0.640	See Note [3]	
Carrier Route Parcels / IPPs	Basic Parcels / IPPs	0.099	0.151	65.6%
<b>Presorting (dollars / pound)<sup>[3]</sup></b>				
Basic, Carrier Route Parcels / IPPs	Single Piece Parcels / IPPs			
Zones 1&2		0.058	See Note [3]	
Zone 3		0.065	See Note [3]	
Zone 4		0.062	See Note [3]	
Zone 5		0.056	See Note [3]	
Zone 6		0.062	See Note [3]	
Zone 7		0.043	See Note [3]	
Zone 8		0.043	See Note [3]	
<b>Drop Ship (dollars / piece)</b>				
Basic, Carrier Route DNDC Parcels / IPPs	Basic Origin Parcels / IPPs	0.141	0.141	100.0%
Basic, Carrier Route DSCF Parcels / IPPs	Basic Origin Parcels / IPPs	0.616	0.648	95.1%
Basic, Carrier Route DDU Parcels / IPPs	Basic Origin Parcels / IPPs	0.765	0.791	96.7%

**Notes**

- [1] Source of Discounts: Docket No. R2013-10, Notice of Market-Dominant Price Adjustment, Attachment A, Schedule 1420
- [2] Presorting and Pre-barcoding Cost Differences (Per Piece)--PRC ACD FY2012 at p. 133  
 Drop Ship Cost Differences (Per Piece)--Source:PRC ACD FY2012 at p. 133
- [3] The BPM cost model does not estimate cost differences between single piece and presorted BPM. Single piece BPM is a residual category with low volume and adequate data are not available. Previously, rate differences between single piece and presorted BPM were based on an assumption that unit mail processing costs for single piece BPM were twice that of presorted BPM.  
 See Docket No R2006-1, USPS-T-38, p. 8.

## ATTACHMENT C: PRICE CAP CALCULATION

## Calculation of amount of applicable change in CPI-U and Price Cap

	CPI <sup>[1]</sup>	Last 12 Months Point-to-Point <sup>[2]</sup>	12-Month Total <sup>[3]</sup>	12-Month Total Divided by 12 <sup>[4]</sup>	12-Month Moving Average <sup>[5]</sup>	Rule 3010.22.b Adjustment <sup>[6]</sup>
Jan-11	220.223	1.6%	2620.2	218.350	1.559%	
Feb-11	221.309	2.1%	2624.8	218.731	1.557%	
Mar-11	223.467	2.7%	2630.6	219.217	1.589%	
Apr-11	224.906	3.2%	2637.5	219.792	1.668%	
May-11	225.964	3.6%	2645.3	220.441	1.799%	
Jun-11	225.722	3.6%	2653.0	221.087	2.008%	
Jul-11	225.922	3.6%	2661.0	221.746	2.208%	
Aug-11	226.545	3.8%	2669.2	222.433	2.426%	
Sep-11	226.889	3.9%	2677.6	223.137	2.653%	
Oct-11	226.421	3.5%	2685.4	223.779	2.849%	
Nov-11	226.230	3.4%	2692.8	224.398	3.036%	
Dec-11	225.672	3.0%	2699.3	224.939	3.157%	
Jan-12	226.665	2.9%	2705.7	225.476	3.263%	
Feb-12	227.663	2.9%	2712.1	226.006	3.326%	
Mar-12	229.392	2.7%	2718.0	226.499	3.322%	
Apr-12	230.085	2.3%	2723.2	226.931	3.248%	
May-12	229.815	1.7%	2727.0	227.252	3.090%	
Jun-12	229.478	1.7%	2730.8	227.565	2.930%	
Jul-12	229.104	1.4%	2734.0	227.830	2.743%	
Aug-12	230.379	1.7%	2737.8	228.149	2.570%	
Sep-12	231.407	2.0%	2742.3	228.526	2.415%	
Oct-12	231.317	2.2%	2747.2	228.934	2.303%	
Nov-12	230.221	1.8%	2751.2	229.267	2.170%	
Dec-12	229.601	1.7%	2755.1	229.594	2.069%	
Jan-13	230.280	1.6%	2758.7	229.895	1.960%	
Feb-13	232.166	2.0%	2763.2	230.270	1.887%	
Mar-13	232.773	1.5%	2766.6	230.552	1.789%	<b>(Special Services Only)</b>
Apr-13	232.531	1.1%	2769.1	230.756	1.686%	0.088%
May-13	232.945	1.4%	2772.2	231.017	1.657%	0.202%
Jun-13	233.504	1.8%	2776.2	231.352	1.664%	0.347%
Jul-13	233.596	2.0%	2780.7	231.727	1.710%	0.509%
Aug-13	233.877	1.5%	2784.2	232.018	<b>1.696%</b> <sup>[7]</sup>	<b>0.636%</b> <sup>[8]</sup>

[1] Consumer Price Index -- All Urban Consumers, U.S. All Items (the "CUUR0000SA0" series)

[2] The current month CPI [Column 1] divided by CPI for same month, previous year

[3] Sum of the most recent 12 months CPI measurements in Column [1]

[4] Column [3] / 12

[5] (The current month value in Column [4] / value from same month, previous year) - 1

[6] Rule 3010.22.b requires an adjustment made to the 12 month moving average whenever less than 12 months have passed since the most recent price change. The adjustment calculates the unused rate authority by dividing the Recent Average (Column [4]) applicable to the notice of rate adjustment by the Recent Average utilized in the previous rate adjustment and subtracting one from the quotient. In this particular instance, the Recent Average from the notice of rate adjustment is 232.018 and the Recent Average from the previous rate adjustment is 230.522 with a resulting price cap of 0.636%.

[7] 1.696% is the new inflation-based price adjustment authority for First-Class Mail, Periodicals, Standard Mail, and Package Services

[8] 0.636% is the new inflation-based price adjustment authority for Special Services.

## **2014 MAILING PROMOTIONS AND INCENTIVES CALENDAR**

### **1. PROMOTIONS**

The general intent of all promotions is to increase the value of transactional and direct mail and to retain or sustain its long-term growth. These promotions create excitement about mail, keep mail top-of-mind for marketers, reward innovative customers, show customers we want their business and encourage others in the mailing industry to provide similar sale initiatives for customers. Additionally, the promotions may include features that encourage businesses to use USPS shipping products.

#### **Mobile Technology Promotions**

These promotions will build upon previous promotions and continue our strategy of encouraging mailers to integrate direct mail with mobile technology using best practices in mobile marketing.

- Branded Color Mobile Technology Promotion
- Emerging Technology Featuring NFC Promotion
- Mail Drives Mobile Commerce Promotion

#### **Technology Drives Relevance**

These promotions leverage the value of innovative direct mail techniques that are less widely used, but have been shown to increase the effectiveness of mail campaigns.

- Color Print in First-Class Mail Transactions Promotion
- Mail and Digital Personalization Promotion

#### **Leverage Value of FCM**

These promotions are intended to slow the declining volume trends for First-Class Mail®. As technology continues to disrupt the mail volume, the Postal Service will ensure reply mail, transactional mail, and First-Class Mail advertising remain a relevant part of the First-Class Mail marketing mix.

- Premium Advertising Promotion
- Earned Value Promotion

#### **New Customer Acquisition**

The Postal Service has strong customer acquisition goals in the small business, direct mail arena. This promotion will provide an extra incentive for new customers to try direct mail.

- EDDM Coupon Program

### **2. INCENTIVES**

The purpose of incentives is to encourage existing mailers increase their mail volume by rewarding them with a rebate on incremental mail pieces above a predetermined volume baseline.

- Saturation and High Density Incentive

**COLOR PRINT IN FIRST-CLASS MAIL TRANSACTIONS PROMOTION**

The promotion is intended to encourage producers of bills and statements to produce and mail statements that create a greater connection and response from consumers by utilizing color ink on bills and statements. This promotion will provide an upfront postage discount to mailer who use dynamic/variable color print on transactional mail that is required to be mailed as First-Class Mail. Eligible pieces must have variable color messaging (four-color-process) on the bill or statement. Use of color inserts and pre-printed paper stock, do not qualify for the promotion. The color messaging must be for marketing or consumer information purposes. The color messaging must be within the contents of the bill or statement and cannot be an addendum or separate page added to the bill or statement.

<b>Registration Period</b>	June 15 – December 31, 2014
<b>Promotion Period</b>	August 1 – December 31, 2014
<b>Eligible Mail</b>	First-Class Mail® presort and automation letters sent in IMb full-service mailings. Residual pieces paying single-piece price that are part of an automation mailing may also qualify for the discount.
<b>Discount</b>	2 percent per eligible mailpiece. Discount is applied at the time of mailing.
<b>Enrollment</b>	Participants and/or Mail Service Providers (MSPs) must register on the Business Customer Gateway (BCG) via the Incentive Program Service ( <a href="http://gateway.usps.com">gateway.usps.com</a> ) <i>at least 2 hours prior to presenting the first qualifying mailing</i> . Electronic documentation (eDoc) enrollment using Mail.dat, or Mail.XML enables MSPs who have registered for the promotion to enroll their clients in real-time when eDocs claiming the promotion are submitted.
<b>Mail Preparation</b>	Letters must be prepared according to First-Class Mail standards
<b>Mailing Date</b>	Mail must be tendered for acceptance during the promotion period, August 1 – December 31, 2014.
<b>Postage Payment</b>	Postage must be paid using a Permit Imprint or Precanceled Stamp permit. Some Meter Permit mailings may qualify.
<b>eDoc</b>	Mailings must be submitted electronically via Postal Wizard, Mail.dat or Mail.XML. The eDoc must identify the mail owner and mail preparer in the By/For fields by Customer Registration ID (CRID).
<b>Commingled Mail</b>	First-Class Mail commingled, combined, and co-mail mailings may only qualify for the promotion if all of the pieces commingled in the mailing meet program requirements, or; the mailings include multiple clients (or versions) but have separate postage statements generated for the mailpieces that meet promotion requirements
<b>Mailpiece Samples</b>	The mailer must provide a hard copy, unaddressed sample of the mailpiece that demonstrates the qualifying content to the acceptance clerk. If a mailing agent submits mailings from multiple mailers, a hard copy sample of each mailer's mailpiece must be presented. (Mailers who will use the same template and design throughout the promotion may contact the program office prior to the promotion start date to discuss an alternate mailpiece sample process.)

**PREMIUM ADVERTISING PROMOTION**

The Premium Advertising Promotion is intended to encourage existing high-volume mail marketers and advertisers to use First-Class Mail as a marketing vehicle. The promotion offers an upfront discount on First Class Mail presort postage on mailpieces composed entirely of marketing or advertising content. Mailpieces containing any content required to be mailed as First-Class Mail as described in Domestic Mail Manual (DMM) Section 133.3.2 through 133.3.4, First-Class Mail Content Standards, will not qualify for the promotion.

<b>Basic Parameters</b>	
<b>Registration Period</b>	February 15 – June 30, 2014
<b>Promotion Period</b>	April 1 – June 30, 2014
<b>Eligible Mail</b>	First-Class Mail® presort and automation letters sent in IMb full-service mailings. Residual pieces paying single-piece price that are part of an automation mailing may also qualify for the discount.
<b>Discount</b>	15 percent per eligible mailpiece. Discount is applied at the time of mailing.
<b>Mailer Qualification</b>	Eligible participants are customers who mailed volume providing \$6 million or more in Standard Mail letter postage from October 1, 2012 through September 30, 2013. Mail service providers are not eligible to participate.
<b>Enrollment</b>	Eligible participants must register on the Business Customer Gateway (BCG) via the Incentive Program Service ( <a href="http://gateway.usps.com">gateway.usps.com</a> ) <i>at least 2 hours prior to presenting the first qualifying mailing.</i>
<b>Mail Preparation</b>	Letters must be prepared according to First-Class Mail standards
<b>Mailing Date</b>	Mail must be tendered for acceptance during the promotion period, April 1 – June 30, 2014.
<b>Postage Payment</b>	Postage must be paid using a Permit Imprint.
<b>eDoc</b>	Mailings must be submitted electronically via Mail.dat or Mail.XML. The eDoc must identify the mail owner and mail preparer in the By/For fields by Customer Registration ID (CRID).
<b>Commingled Mail</b>	First-Class Mail commingled, combined, and co-mail mailings may only qualify for the promotion if all of the pieces commingled in the mailing meet program requirements, or; the mailings include multiple clients (or versions) but have separate postage statements generated for the mailpieces that meet promotion requirements
<b>Mailpiece Samples</b>	The mailer must provide a hard copy, unaddressed sample of the mailpiece that demonstrates the advertising content to the acceptance clerk. If a mailing agent submits mailings from multiple mailers, a hard copy sample of each mailer's mailpiece must be presented.

**EARNED VALUE REPLY MAIL PROMOTION**

The 2014 Earned Value Reply Mail Promotion is intended to slow the decline of First-Class Mail, Business Reply Mail (BRM) and Courtesy Reply Mail (CRM) pieces. As technology continues to disrupt the mail volume, the Postal Service will ensure reply mail remains a reply option for consumers and a relevant part of the First-Class Mail marketing mix. The 2014 “Earned Value” promotion will be offered to mailers who send qualifying First-Class Mail Business Reply Mail (BRM) and Courtesy Reply Mail (CRM) enclosures. Mailers will earn a credit on each piece that is returned during the promotion period. At the end of the promotion, the total credit amount will be applied to the mailer’s Permit account. The credit can be applied to future mailings of First-Class Mail Presort and Automation cards, letters and flats, and Standard Mail letters and flats.

<b>Registration Period</b>	February 15 – March 31, 2014
<b>Promotion Period</b>	April 1 – June 30, 2014 (Reply pieces will be counted during this period)
<b>Credit Amount</b>	2 cents per eligible mailpiece. Participants in the 2013 Earned Value Promotion whose total CRM and BRM counts increase in 2014 will receive 3 cents per eligible mailpiece.
<b>BRM/CRM Requirements</b>	BRM/CRM mailpieces can be distributed in any outgoing mailing. The Business Reply Mail and the Courtesy Reply Mailpieces must contain the Intelligent Mail barcode with the Mailer ID encoded to qualify. Postcard and letter-size BRM must be barcoded with a valid and properly used ZIP+4 code on the mailpiece and the same ZIP +4 code must be encoded within the IMb. The IMb on all BRM and CRM must contain the barcode ID, service type ID, and correct ZIP+4 routing code. Permit holders must use the ZIP+4 codes and the IMb assigned by the USPS.
<b>Tracking</b>	The Intelligent Mail Visibility (IM-VIS) system will send scan data to the Alternate Postage system. All mailpiece counts for BRM and CRM pieces containing the registered MID(s) that customers return to the registered mailer will be collected.
<b>Credit Receipt/Redemption</b>	At the end of the promotion, the award value assigned to BRM will be multiplied by total BRM pieces scanned and the award value assigned to CRM will be multiplied by the total CRM pieces scanned. The award amount or credit will be applied to the mailer’s Permit Imprint account. Eligible permit types include: Imprint, OMAS Imprint, Meter, OMAS Meter and Precanceled. The mailer can apply the earned credit to future mailings of First-Class Mail Presort and automation letters, cards and flats and Standard Mail letters and flats.
<b>Credit Expiration</b>	Any unused credits will expire on December 31, 2014.
<b>Enrollment</b>	Mailers must register their permits and Mailer IDs (MIDs), and the Permit Imprint account to which future earned credits will be applied on the Business Customer Gateway to participate. The Intelligent Mail Visibility (IM-VIS) system will send scan data to the Alternate Postage system.

**MAIL AND DIGITAL PERSONALIZATION PROMOTION**

The 2014 Mail and Digital Personalization Promotion offers an upfront discount to encourage mailers to enhance the value of their mail by utilizing technology to create a more relevant, integrated marketing message through direct mail and digital channels. Both the mailpiece and PURL/website must be personalized to qualify for this promotion (variables may include: name, birthday, custom offer or different envelope, etc). The website or landing page must correspond to the physical mailpiece and enhance the overall experience for the consumer. Best practices such as directional copy and mobile optimization are also required.

<b>Basic Parameters</b>	
<b>Registration Period</b>	March 15 – June 30, 2014
<b>Promotion Period</b>	May 1 – June 30, 2014
<b>Eligible Mail</b>	First-Class Mail® presort and automation letters, cards and flats (Residual pieces paying single-piece price that are part of an automation mailing may also qualify for the discount.) Standard Mail letters and flats Nonprofit Standard Mail letters and flats.
<b>Discount</b>	2 percent per eligible mailpiece. Discount is applied at the time of mailing.
<b>Enrollment</b>	Participants and/or Mail Service Providers (MSPs) must register on the Business Customer Gateway (BCG) via the Incentive Program Service ( <a href="http://gateway.usps.com">gateway.usps.com</a> ) <i>at least 2 hours prior to presenting the first qualifying mailing</i> . Electronic documentation (eDoc) enrollment using Mail.dat, Mail.XML or Postal Wizard enables MSPs who have registered for the promotion to enroll their clients in real-time when eDocs claiming the promotion are submitted.
<b>Mailing Date</b>	Mail must be tendered for acceptance during the promotion period, May 1 – June 30, 2014. Plant-Verified Drop Shipment (PVDS) mailings that are verified and paid for during the promotion period, and that qualify for the promotion, will be accepted at destination entry postal facilities through July 15, 2014, when presented with appropriate verification and payment documentation (PS Form 8125)
<b>Postage Payment</b>	Postage must be paid using a Permit Imprint or Precanceled Stamp permit. Some Meter Permit mailings may qualify. Every Door Direct Mail (EDDM) deposited at a Business Mail Entry Unit may qualify, but EDDM Retail mailings taken to local Post Office retail units are ineligible to participate.
<b>eDoc</b>	Mailings must be submitted electronically via Mail.dat or Mail.XML or Postal Wizard. The eDoc must identify the mail owner and mail preparer in the By/For fields by Customer Registration ID (CRID).
<b>Commingled Mail</b>	Commingled, combined, and co-mail mailings may only qualify for the promotion if all of the pieces commingled in the mailing meet program requirements, or; the mailings include multiple clients (or versions) but have separate postage statements generated for the mailpieces that meet promotion requirements
<b>Mailpiece Samples</b>	The mailer must provide a hard copy, unaddressed sample of the mailpiece that demonstrates the advertising content to the

	acceptance clerk. If a mailing agent submits mailings from multiple mailers, a hard copy sample of each mailer's mailpiece must be presented.
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### **BRANDED COLOR MOBILE TECHNOLOGY PROMOTION**

The 2014 Branded Color Mobile Technology Promotion encourages mailers to push the envelope and expand their mobile technology usage beyond traditional black and white mobile barcodes. By participating in this promotion, mailers will have the opportunity to receive an upfront postage discount on qualifying mailings that use qualifying mobile print technology (such as a QR Code) on or in the mailpieces. Qualifying mailings include:

- Mailpiece contains a creative QR Code or other mobile barcode. The code or tag must be functional and incorporate at least one of the following:
  - A: two or more colors set against a background (other than black or white)
  - B: trademark or graphic and at least one color (other than black or white)
- Mailpiece contains color digital image recognition.

Best practices such as directional copy and mobile optimization are also required.

<b>Basic Parameters</b>	
<b>Registration Period</b>	December 15, 2013 – March 31, 2014
<b>Promotion Period</b>	February 1 – March 31, 2014
<b>Eligible Mail</b>	First-Class Mail® presort and automation letters, cards and flats (Residual pieces paying single-piece price that are part of an automation mailing may also qualify for the discount.) Standard Mail® letters and flats Nonprofit Standard Mail letters and flats.
<b>Discount</b>	2 percent per eligible mailpiece. Discount is applied at the time of mailing.
<b>Enrollment</b>	Participants and/or Mail Service Providers (MSPs) must register on the Business Customer Gateway (BCG) via the Incentive Program Service ( <a href="http://gateway.usps.com">gateway.usps.com</a> ) <i>at least 2 hours prior to presenting the first qualifying mailing</i> . Electronic documentation (eDoc) enrollment using Mail.dat, or Mail.XML enables MSPs who have registered for the promotion to enroll their clients in real-time when eDocs claiming the promotion are submitted.
<b>Mailing Date</b>	Mail must be tendered for acceptance during the promotion period, February 1 – March 31, 2014. Plant-Verified Drop Shipment (PVDS) mailings that are verified and paid for during the promotion period, and that qualify for the promotion, will be accepted at destination entry postal facilities through April 15, 2014, when presented with appropriate verification and payment documentation (PS Form 8125)
<b>Postage Payment</b>	Postage must be paid using a Permit Imprint or Precanceled Stamp permit. Some Meter Permit mailings may qualify. Every Door Direct Mail (EDDM) deposited at a Business Mail Entry Unit may qualify, but EDDM Retail mailings taken to local Post Office retail units are ineligible to participate.
<b>eDoc</b>	Mailings must be submitted electronically via Postal Wizard,

	Mail.dat or Mail.XML. The eDoc must identify the mail owner and mail preparer in the By/For fields by Customer Registration ID (CRID).
<b>Commingled Mail</b>	Commingled, combined, and co-mail mailings may only qualify for the promotion if all of the pieces commingled in the mailing meet program requirements, or; the mailings include multiple clients (or versions) but have separate postage statements generated for the mailpieces that meet promotion requirements
<b>Mailpiece Samples</b>	The mailer must provide a hard copy, unaddressed sample of the mailpiece that demonstrates the advertising content to the acceptance clerk. If a mailing agent submits mailings from multiple mailers, a hard copy sample of each mailer's mailpiece must be presented.

### **EMERGING TECHNOLOGY FEATURING NFC PROMOTION**

The use of mobile technology continues to be a growing force in the marketing landscape for today's savvy marketing professionals. Near field communication is a form of communication between devices such as smartphones, tablets or items embedded with NFC chips, tags or similar technology. This promotion will build upon previous promotions and continue our strategy of encouraging mailers to integrate direct mail with mobile technology. To participate in the promotion, the mailpiece must incorporate the use of standard NFC technology or other emerging technology as specified in program eligibility requirements to engage the mobile device in providing an interactive experience for the user. Standard NFC technology generally consists of embedding a small chip or other form of technology into a carrier (mailpiece or other item) that can be recognized by an NFC enabled mobile device. The interaction is initiated by touching the mobile device on the NFC embedded item or by placing the mobile device within 1-2 inches of the NFC embedded item. Best practices such as directional copy and mobile optimization are also required.

<b>Basic Parameters</b>	
<b>Registration Period</b>	June 15 - September 30, 2014
<b>Promotion Period</b>	August 1 - September 30, 2014
<b>Eligible Mail</b>	Standard Mail® letters and flats Nonprofit Standard Mail letters and flats.
<b>Discount</b>	2 percent per eligible mailpiece. Discount is applied at the time of mailing.
<b>Enrollment</b>	Participants and/or Mail Service Providers (MSPs) must register on the Business Customer Gateway (BCG) via the Incentive Program Service ( <a href="http://gateway.usps.com">gateway.usps.com</a> ) <i>at least 2 hours prior to presenting the first qualifying mailing</i> . Electronic documentation (eDoc) enrollment using Mail.dat, or Mail.XML enables MSPs who have registered for the promotion to enroll their clients in real-time when eDocs claiming the promotion are submitted.
<b>Mailing Date</b>	Mail must be tendered for acceptance during the promotion period, August 1 - September 30, 2014. Plant-Verified Drop Shipment (PVDS) mailings that are verified and paid for during the promotion period, and that qualify for the promotion, will be accepted at destination entry postal facilities through October 15,

	2014, when presented with appropriate verification and payment documentation (PS Form 8125)
<b>Postage Payment</b>	Postage must be paid using a Permit Imprint or Precanceled Stamp permit. Some Meter Permit mailings may qualify. Every Door Direct Mail (EDDM) deposited at a Business Mail Entry Unit may qualify, but EDDM Retail mailings taken to local Post Office retail units are ineligible to participate.
<b>eDoc</b>	Mailings must be submitted electronically via Postal Wizard, Mail.dat or Mail.XML. The eDoc must identify the mail owner and mail preparer in the By/For fields by Customer Registration ID (CRID).
<b>Commingled Mail</b>	Commingled, combined, and co-mail mailings may only qualify for the promotion if all of the pieces commingled in the mailing meet program requirements, or; the mailings include multiple clients (or versions) but have separate postage statements generated for the mailpieces that meet promotion requirements
<b>Mailpiece Samples</b>	The mailer must provide a hard copy, unaddressed sample of the mailpiece that demonstrates the advertising content to the acceptance clerk. If a mailing agent submits mailings from multiple mailers, a hard copy sample of each mailer's mailpiece must be presented.

### **MAIL DRIVES MOBILE COMMERCE PROMOTION**

The intent of the promotion is to encourage marketers and retailers to utilize mobile purchasing technology with direct mail and catalogs to facilitate state of the art mobile purchases. An upfront postage discount is available on eligible mailpieces that include a mobile barcode or print/mobile technology that can be read or scanned by a mobile device and leads the recipient to a mobile-optimized shopping website.

The mailpiece must contain text near the barcode or image that provides guidance to the consumer to scan the barcode or image and conveys information about the landing page. The technology must lead the recipient to a webpage that allows the recipient to purchase an advertised product on the mobile device.

Mailers may elect to qualify for an additional 1 percent rebate on the postage of their qualifying mailings if a portion of their orders are fulfilled via Priority Mail® during the Priority Mail Fulfillment Period. Participation in the Priority Mail rebate portion of the promotion requires additional registration.

<b>MAILING PROMOTION PARAMETERS</b>	
<b>Registration Period</b>	September 15 - December 31, 2014
<b>Promotion Period</b>	November 1 - December 31, 2014
<b>Eligible Mail</b>	Standard Mail letters and flats Nonprofit Standard Mail letters and flats
<b>Initial Upfront Discount</b>	2 percent per eligible mailpiece. Discount is applied at the time of mailing.
<b>PRIORITY MAIL FULFILLMENT PARAMETERS</b>	

Mailables who meet the Priority Mail Fulfillment threshold will receive an additional 1% rebate on the eligible mail postage paid during the Promotion Period (November 1 – December 31)	
<b>Priority Mail Fulfillment Threshold</b>	During the Fulfillment Period, the number of Priority Mail packages delivered to customers must exceed 0.5 percent of qualifying mailpieces sent during the Promotion.
<b>Priority Mail Fulfillment Period</b>	November 3 - December 31, 2014
<b>Rebate Claim Period</b>	January 1 - February 15, 2015
<b>Priority Mail Fulfillment Period</b>	November 3 – January 15, 2015
<b>Rebate Claim Period</b>	January 16 - February 28, 2015
<b>REQUIREMENTS FOR MAILING PROMOTION</b>	
<b>Enrollment</b>	Participants and/or Mail Service Providers (MSPs) must register on the Business Customer Gateway (BCG) via the Incentive Program Service ( <a href="http://gateway.usps.com">gateway.usps.com</a> ) <i>at least 2 hours prior to presenting the first qualifying mailing</i> . Electronic documentation (eDoc) enrollment using Mail.dat, or Mail.XML enables MSPs who have registered for the promotion to enroll their clients in real-time when eDocs claiming the promotion are submitted.
<b>Mailing Date</b>	Mail must be tendered for acceptance during the promotion period, November 1 – December 31, 2014. Plant-Verified Drop Shipment (PVDS) mailings that are verified and paid for during the promotion period, and that qualify for the promotion, will be accepted at destination entry postal facilities through January 15, 2015 when presented with appropriate verification and payment documentation (PS Form 8125).
<b>Postage Payment</b>	Postage must be paid using a Permit Imprint or Precanceled Stamp permit. Some Meter Permit mailings may qualify. Every Door Direct Mail (EDDM) deposited at a Business Mail Entry Unit may qualify, but EDDM Retail mailings taken to local Post Office retail units are ineligible to participate.
<b>eDoc</b>	Mailings must be submitted electronically via Mail.dat or Mail.XML or Postal Wizard. The eDoc must identify the mail owner and mail preparer in the By/For fields by Customer Registration ID (CRID).
<b>Commingled Mail</b>	Commingled, combined, and co-mail mailings may only qualify for the promotion if all of the pieces commingled in the mailing meet program requirements, or; the mailings include multiple clients (or versions) but have separate postage statements generated for the mailpieces that meet promotion requirements
<b>Mailpiece Samples</b>	The mailer must provide a hard copy, unaddressed sample of the mailpiece that demonstrates the advertising content to the acceptance clerk. If a mailing agent submits mailings from multiple mailers,

	a hard copy sample of each mailer's mailpiece must be presented.
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### **EDDM COUPON PROGRAM**

<b>Basic Parameters</b>	
<b>Program Period</b>	March 1* - December 31, 2014 (*or when available)
<b>Eligible Mail</b>	EDDM Retail EDDM BMEU
<b>Discount</b>	Coupons vouchers - amounts from \$50 - \$100 (limited to not more than \$3,000,000 redeemed for entire program). Can be redeemed at authorized payment and acceptance locations (includes Retail, BMEU, or Online credit card payment)
<b>Expiration</b>	Coupon vouchers will expire no later than the effective date of the first price change of CY 2015

The Every Door Direct Mail (EDDM) Coupon Program will be targeted to prospects and new customers of Every Door Direct Mail (Retail and BMEU) service. Internal USPS personnel such as the Sales organization would have the ability to issue a coupon with a promotion code to targeted, qualified new customers that can be redeemed at the time of postage payment to receive a postage credit on a qualified EDDM mailing. Coupon redemption may be available in one of the following ways: online when an order is created and paid for on the EDDM Online Tool, at the Post Office when an order is paid for at the Post Office location (order may have initiated through the Online Tool), or through PostalOne eDoc postage statement submission.

### **SATURATION AND HIGH DENSITY INCENTIVE**

The 2014 Saturation and High Density Incentive encourages current Standard Mail Saturation, High Density Plus and High Density customers to increase their mail volume by rewarding them with a credit on incremental mail pieces above a predetermined volume baseline.

The volume baseline for each participant will be the aggregate total Standard Mail Saturation, High Density Plus, and High Density volume in calendar year 2013 plus 2.0 percent. (EDDM Retail is not included in this incentive). Customers must demonstrate increased total volume of Saturation, High Density Plus, and High Density mail letters and flats over the base year for their total market.

Incremental volumes above the customer baseline will be eligible for a rebate equal to 20 percent of the participant's average revenue per piece for commercial Saturation Mail and 15 percent for commercial High Density Plus and High Density mail. The rebate will be 5 percent for nonprofit High Density, High Density Plus, and Saturation volumes. All customers who apply and participate in this initiative must meet the following requirements:

- Mailers must be current Saturation, High Density Plus or High Density customers with at least 6 combined Saturation, High Density Plus or High Density mailings in FY 2013. The combined 6 or more mailing requirement is intended to identify current and frequent mailers of the product.
- Mailers must be the permit holders (i.e. owners) of a permit imprint advance deposit account(s) at a postal facility having PostalOne! capability, or the owners of qualifying mail

volume entered through the permit imprint advance deposit account of a mail service provider at a postal facility having PostalOne! capability.

- Only volume from mail owners will be eligible. Mail Service Providers and customers supplying inserts, enclosures, or other components included in the Saturation, High Density Plus, or High Density mailings of another mailer are not eligible to participate.
- Mailers must electronically submit postage statements and mailing documentation to the Postal One! system for the duration of the specified period.
- Registered and qualified mailers with incremental volumes above their threshold will receive there earned credit in the postage account in early 2015.

Participation will be based on customers total national mail volume of Saturation, High Density Plus, and High Density mail. Customers must demonstrate increased total volume of Saturation, High Density Plus, and High Density mail letters and flats over the base year for their total market. In limited and controlled instances, customers may apply to participate in specific geographic target markets to demonstrate increased volume over their predetermined baseline. All geographic areas must be approved by the USPS during the application process and require electronically submitted postage statements and mailing documentation to Postal One! using Mail.dat or Mail.XML.

# USPS Domestic Mail Promotions: *Performance Analysis Methodology*

## Introduction

In this paper, we discuss the analyses used by the USPS to measure the performance of Domestic Mail promotions. We begin with an overview of USPS Domestic Mail promotions in order to explain the context within which the analysis is occurring. Subsequently, we discuss the objectives of our analyses and introduce methodologies for measuring the impact of a promotion on mailers' behavior in both the short-term (during the promotion period) and the long-term (after the promotion period), using the Mobile Coupon and Click-to-Call promotion as a case study. We conclude with a discussion of how survey results and feedback from the Sales force help convey the impact of promotions on participants' mailing behavior.

## Background

Beginning in FY 2009, in order to stimulate mail volume and increase its value, the United States Postal Service implemented a number of price initiatives within the constraints of the Postal Accountability and Enhancement Act of 2006. In evaluating the initiatives, it was important to distinguish between the objectives of the price incentive programs and promotions. The price incentive programs sought to increase mail volume or curb its decline by offering a rebate to large commercial mailers that exceeded a predetermined volume threshold. In contrast, the promotions sought to increase the long-term value of mail, primarily by promoting awareness of how mobile technology could be effectively integrated into mailers' advertising campaigns. Initiating these types of programs that foster and accelerate investment in a mailing infrastructure will improve the value, utility, and quality of mail to remain competitive in today's marketplace. Specifically, the strategy focused on figuratively shining a spotlight, for a relatively brief period, on a specific technology/product/process to build awareness and encourage and accelerate adoption. To date the USPS has implemented eight promotions, with another nine planned throughout the remainder of Calendar Year 2013 and 2014. As the USPS collects valuable information on the way in which mailer behavior changes in response to these promotions, it will continue to refine the methodologies used to measure the long-term impact of these initiatives.

## Performance Analysis Objectives

Ultimately the Postal Service would like to determine how Domestic Mail Promotions change participants' mailing behavior to improve the long-term value of mail and drive incremental volume and revenue. Although the USPS believes that the primary benefit of promotions lies in their long-term impact on the value, relevancy, and technological innovation of mail, it is also useful to assess the more immediate impact of a promotion. By analyzing adoption rates during the promotion period, volume trends before and after the promotion period, and survey responses from promotion participants, the USPS assesses a promotion's impact on customers' mailing behavior.

## Performance Measurement during the Promotion Period

As stated above, the primary intent of a promotion is to increase the long-term value of mail. In order to achieve this, the USPS offers a short-term price incentive to compel customers to take advantage of the promotion. In order to measure the performance of the promotion during the effective period, the USPS looks at the adoption rate – that is, the percentage of eligible mail volume that qualifies for the promotional discount.

Table 1 below shows the percentage of eligible volume by mail class and product category that qualified for a discount for the Mobile Coupon and Click-to-Call promotion<sup>1</sup>.

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<sup>1</sup> The Direct Mail Mobile Coupon & Click-to-Call Promotion provided mailers with an upfront 2 percent postage discount on Standard Mail®, Nonprofit Standard Mail, and First-Class Mail® letters, flats, and cards (presort and automation). The mailpieces were

**Table 1: Mobile Coupon and Click-to-Call Promotion - Adoption Rates by Mail Class and Product****Number of Mobile Coupon and Click-to-Call Promotion Participants: 465**

<b>First Class Mail Adoption Rates</b>	
Presort Letters	1.72%
Presort Flats	0.11%
Presort Cards	1.37%
Total First Class Mail	1.68%
<b>Standard Mail Adoption Rates</b>	
Letters	9.93%
Flats	14.58%
Carrier Route	37.15%
High Density and Saturation Letters	23.23%
High Density and Saturation Flats	40.18%
Total Standard Mail	18.63%
Overall Adoption Rate (both Standard and First Class Mail)	12.84%

**Data Collection**

The following method is used to collect data for measuring performance during the promotion period:

- Confirm creation of customer registration data. (Customers register on the Business Customer Gateway (BCG) via the Incentive Programs Service (gateway.usps.com) and specify which permits and/or Customer Registration IDs (CRIDs) will be participating in the promotion.)
- Query PostalOne! to obtain volume, revenue, and discount amount for each permit that was registered to participate in the promotion
  - Query transactional data by Mail Class and Product Category
- Query transactional data for each eligible Mail Class and Product Category that was eligible for the promotion

**Performance Measurement after the Promotion Period**

The Domestic Mail promotions are often brief – typically only two to three months. As a result, most mailers do not have time to gauge the impact of, say, incorporating mobile technology in their direct marketing campaigns until after the promotion period ends. Since the impact of a promotion on mail volumes is observed after the promotion period has ended, the USPS continues to track promotion participants' volumes after the promotion, employing a number of methodologies to calculate the incremental volume attributed to a particular promotion.

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required to use a mobile barcode or other technology that either led the recipient to a digital coupon or a site that initiated a 1-touch phone call on a mobile device. The Program Period was March 1 through April 30, 2013.

## Methodology

By using non-promotion participants as a control group, the impact of a promotion can be isolated from the multitude of other variables which affect mail volumes. For the Mobile Coupon and Click-to-Call Promotion, Standard Mail volume was divided into two segments: participants and all other customers. The two segments' year-on-year growth rates in the months leading up to the promotion were analyzed and the differential was used to forecast expected volumes during the promotion period and beyond. For example, from September through February, Mobile Coupon and Click-to-Call participants' volumes grew on average 1% over the same period last year (SPLY). In the same period, all other customers' volumes shrunk 1% from SPLY. Therefore, it was assumed that the monthly growth rates over SPLY for Mobile Coupon and Click-to-Call participants would be approximately 2% higher than for all other customers in subsequent time periods. Table 2 below shows the volume growth from SPLY before the promotion period for promotion participants and all other customers.

**Table 2: Volume Growth from SPLY before the Promotion Period by Customer Segment**

Customer Segment	STD Mail Vol Growth over SPLY (Sep – Feb)
Promotion Participants	1%
All Other Customers	-1%
Differential	2% (1% - (-1%))

The 2% differential was then used to estimate the “expected” volume of Mobile Coupon and Click-to-Call participants after the promotion period. For example, all other customers' volumes decreased 5% from May through June. If the same growth differential existed between the two segments as before the promotion, then the estimated SPLY growth for promotion participants would have been 2% higher than other customers. Table 3 below illustrates how the expected growth rate of promotion participants is derived.

**Table 3: Promotion Participants' Expected Volume during and after Promotion**

Customer Segment	STD Mail Vol Growth over SPLY (Dec - May)
All Other Customers	-5%
Differential from Table 2	2%
Promotion Participants' Expected	-3% (-5% + 2%)
Promotion Participants' Actual	4%

Based on the calculation above, it was estimated that without the Mobile Coupon and Click-to-Call promotion, participants' volumes after the promotion (from May through June) would have declined by about 3% relative to SPLY. However, they actually grew by about 4% over SPLY. By applying this growth rate to promotion participants' actual SPLY volume, the “expected” volume for promotion participants would have been about 3.7 billion in May and June. In reality, Mobile Coupon and Click to Call participants mailed about 4 billion pieces during this period. Therefore, the incremental volume attributable to the Mobile Coupon and Click-to-Call promotion was approximately 270 million pieces.

## Data Collection

The following method is used to collect data relevant to the post-promotion performance measurement analysis:

- Identify customers in the Program Registration tool who participated in the promotion
- Query the CBCIS database to obtain transactional data (volume and revenue) pertaining to each promotion participant over a specified timeframe
  - Identify Standard Mail, promotion eligible products that were eligible for the promotion
  - Query customer data based on GROUP ID to capture transactional data pertaining to corporate accounts (opposed to specific business units)
- Query transactional data for each promotion eligible Mail Class and Product group

### **Survey Analysis and Sales Feedback**

The USPS sends promotion participants a follow-up survey to gather insight into customer behavior. The surveys primarily focus on the following areas:

- Motivations for participating
- Changes in mailer behavior triggered by a promotion (for example, spur investment in new mail technology infrastructure, initiate adoption of mail technology. reinvest postage savings in additional mail volume, etc.)
- Perceptions of the USPS as a result of a promotion

The results of the surveys often provide data that can not be gleaned by analyzing mail volume trends alone. For example, by analyzing the survey results from the Mobile Coupon and Click-to-Call promotion, we can discern that the strongest driver of participation in the promotion was the 2% discount. Additionally, the survey results indicated that approximately two-thirds of the survey respondents who used mobile barcodes on their mailpieces during the promotion period would continue to use them after the promotion. Lastly, about one-fifth of respondents indicated they increased mailing volume as a result of the promotion; approximately half indicated they would use the savings from the price discount to send more direct mail. In addition to providing insights on mailers' behavior, the results of the survey can help to inform decision making regarding future promotion requirements.

Lastly, the USPS Sales force identifies and quantifies sales opportunities that result from the promotions. The information collected from these opportunities provides insight into the potential benefits that these promotions bring to customer relationships and broadening revenue opportunities beyond specific promotions.

### **Opportunities for Further Analysis**

We continue to refine our analyses and strive to improve our understanding of how promotions affect USPS and its customers. In particular, we seek to more closely analyze how promotions affect particular types or segments of USPS customers. Do promotions have more impact on financial services companies than retailers? Are large mailers more or less likely to increase their mail volumes in response to a promotion? By increasing the sophistication of our analytical methods, we will better understand how promotions drive customer behavior and impact USPS' finances. This will give the USPS the tools it needs to develop future promotions and target particular customer segments. Additionally, we continue to identify ways to measure the impact these promotions as more customers participate throughout the entire year.

### **Additional Methodologies**

In CY14 there will be four promotions that fall outside of the traditional analytical framework described above due to the varying requirements of the programs: The Earned Value Reply Mail Promotion, The Color Print in First-Class Mail Transactions Promotion, the Premium Advertising Promotion, and the EDDM Coupon Program. The subsequent table describes the four programs, providing background on each and detailing the proposed metrics the USPS will use to gauge performance:

**Table 4: Selected CY14 Promotions and Performance Metrics**

Promotion	Description	Performance Metrics
<i>Earned Value Reply Mail</i>	Incent business mailers to add CRM and BRM pieces to outgoing mail.	<ul style="list-style-type: none"> <li>• Compare participating mailers' volumes, both CRM and BRM, from 2014 promotion to 2013 promotion. More specifically, examine the following: # of mailers with higher volumes; # of mailers with same and/or lower volumes; and % change in total promotional volume YTY</li> <li>• Track promotion participants' volume after the promotion period; compare to actual promotion volume to determine if there is a carry-over effect; and if so, how long does it last</li> <li>• Utilize survey to gauge promotion's impact on diversion goals</li> </ul>
<i>Color Print in First-Class Mail</i>	Incent First-Class mailers to improve their mail pieces and turn cost centers into revenue generators via dynamic color inserts.	<ul style="list-style-type: none"> <li>• Compare actual promotion volumes to forecast</li> <li>• Compare, by mailer, pre-promotion FCM letter volumes to post-promotion volumes</li> <li>• Compare <i>total</i> FCM automation letter trends (RPW) to participating mailers' trends – pre-promotion (6 months prior) and post-promotion (6 months after)</li> <li>• Utilize survey to gauge promotion's impact on diversion goals</li> </ul>
<i>Premium Advertising</i>	Incent marketers and advertisers to use First-Class mail, rather than Standard Mail, as a marketing vehicle. Promo would be used to gauge demand for a potential new First-Class-Mail-like advertising product – “Premium Advertising.”	<ul style="list-style-type: none"> <li>• Compare actual promotion volumes to forecast</li> <li>• For enrolled mailers: Determine proportion of automation FCM to SM letters during 12 months prior to promotion, during the promotion, and 12 months after the promotion. This will be used as a proxy to determine “buying-up” and “buying-down.”</li> <li>• Utilize survey to determine mailers' that would trade up to a “Premium</li> </ul>

## ATTACHMENT E

		Advertising” product were it offered as a new, permanent product
<i>EDDM Coupon Promotion</i>	Target new prospects and new customer of Every Door Direct Mail (Retail and BMEU) service	<ul style="list-style-type: none"> <li>• Number of new customers</li> <li>• Revenue from new customers</li> <li>• Coupon redemption rate</li> <li>• Customer retention</li> </ul>