

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

Before Commissioners:

Robert G. Taub, Chairman;  
Michael Kubayanda, Vice Chairman;  
Mark Acton;  
Ann C. Fisher; and  
Ashley E. Poling

Notice of Market-Dominant  
Price Adjustment

Docket No. R2021-1

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



Washington, DC 20268-0001  
November 18, 2020

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Attachment—Mail Classification Schedule

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(Issued November 18, 2020)

I. INTRODUCTION AND OVERVIEW

On October 9, 2020, the Postal Service filed notice of its planned price adjustments and related mail classification changes for Market Dominant products.<sup>1</sup> The Commission applies the requirements of the Postal Accountability and Enhancement Act, Pub. L. 109-435, 120 Stat. 3198 (2006) (PAEA), the Administrative Procedure Act, Pub. L. 79-404, 60 Stat. 237 (1946) (APA), and the Commission's regulations to determine whether the Postal Service's proposals are consistent with

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<sup>1</sup> United States Postal Service Notice of Market-Dominant Price Change, October 9, 2020 (Notice).

applicable law.<sup>2</sup> The Commission concludes that the planned price adjustments do not violate the price cap limitations specified by 39 U.S.C. § 3622(d) and are consistent with, or justified by an exception to, the workshare discount limitations appearing in 39 U.S.C. § 3622(e). The planned price adjustments are consistent with the pricing requirements appearing in 39 U.S.C. § 3626 and do not implicate the pricing requirements appearing in 39 U.S.C. §§ 3627 and 3629. The planned price adjustments are consistent with the objectives of 39 U.S.C. § 3622(b) and the factors of 39 U.S.C. § 3622(c). The Commission also concludes that the planned classification changes, with the revisions set forth in the body of this Order, are consistent with applicable law and regulations. All changes to the Mail Classification Schedule (MCS) appear in the Attachment following the signature line of this Order.

Table I-1 shows the percentage increases and total unused price authority for each class as calculated by the Commission.

**Table I-1**  
**Percentage Increases and Total Unused Price Authority (By Class)**

<b>Class of Mail</b>	<b>Price Changes %</b>	<b>Total Unused Price Authority %</b>
First-Class Mail	1.831	0.012
USPS Marketing Mail	1.509	0.010
Periodicals	1.456	0.002
Package Services	1.460	0.006
Special Services	1.458	0.007
Source: Library References PRC-LR-R2021-1-1 through PRC-LR-R2021-1-5, November 18, 2020.		

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<sup>2</sup> See *Carlson v. Postal Reg. Comm'n*, 938 F.3d 337, 345 (D.C. Cir. 2019).



In Section II. of this Order, the Commission summarizes the procedural history. In Section III., the Commission resolves issues that apply across multiple classes relating to the proposed continuation of the Calendar Year (CY) 2021 promotions and the introduction of the new rate incentive for mailpieces that qualify for Seamless Acceptance. In Sections IV. through VIII., the Commission discusses the proposed price adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services, respectively. Workshare discounts, mail classification changes, statutory preferential rates, and nonprofit discounts are also discussed where applicable to a particular class. In Section IX., the Commission discusses the objectives of 39 U.S.C. § 3622(b) and the factors of 39 U.S.C. § 3622(c), as applied to the proposed price adjustments.

## II. PROCEDURAL HISTORY

### A. Notice and Initial Commission Action

Below, the Commission summarizes the procedural history relevant to the planned price adjustments and classification changes.

On October 9, 2020, the Postal Service filed its Notice with the Commission pursuant to 39 U.S.C. § 3622 and 39 C.F.R. part 3030. In its Notice, the Postal Service announced its intention to adjust the prices for Market Dominant products on January 24, 2021, at 12:01 a.m. by amounts that are within the available price adjustment authority for each class of mail. Notice at 1.

The Notice includes four attachments, which present the planned price and related product description changes to the MCS, workshare discount calculations, price cap calculations, and the promotions schedule, respectively. Notice, Attachments A-D. The Postal Service filed seven public library references and one non-public library reference in support of its Notice:

- |   |   |
|---|---|
| • Library Reference USPS-LR-R2021-1/1,<br>October 9, 2020   | First-Class Mail Workpapers   |
| • Library Reference USPS-LR-R2021-1/2,<br>October 9, 2020   | USPS Marketing Mail<br>Workpapers   |
| • Library Reference USPS-LR-R2021-1/3,<br>October 9, 2020   | Periodicals Workpapers  |
| • Library Reference USPS-LR-R2021-1/4,<br>October 9, 2020   | Package Services Workpapers   |
| • Library Reference USPS-LR-R2021-1/5,<br>October 9, 2020   | Special Services Workpapers   |
| • Library Reference USPS-LR-R2021-1/6,<br>October 9, 2020   | First-Class Mail International<br>Billing Determinants Workpapers                   |
| • Library Reference USPS-LR-R2021-1/7,<br>October 9, 2020   | Seamless Volumes Workpapers   |
| • Library Reference USPS-LR-R2021-1-NP1,<br>October 9, 2020 | First-Class Mail International<br>and Inbound Letter Post<br>Workpapers (Nonpublic) |

The Postal Service requested non-public treatment of information pertaining to Outbound Single-Piece First-Class Mail International (Outbound Single-Piece FCMI) and Inbound Letter Post contained in Library Reference USPS-LR-R2020-1-NP1.<sup>3</sup>

On October 13, 2020, the Commission issued Order No. 5719, which provided public notification of the Notice; established Docket No. R2021-1 to consider the planned price adjustments' consistency with applicable statutory and regulatory requirements; appointed a Public Representative; and provided an opportunity for interested persons to comment.<sup>4</sup>

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<sup>3</sup> See USPS Notice of Filing USPS-LR-R2021-1/NP1, October 9, 2020, Attachment 1. Two versions of this document (bearing Filing ID numbers 114788 and 114789) and the non-public materials were filed with the Commission. See *id.*

<sup>4</sup> Notice and Order on Price Adjustments and Classification Changes for Market Dominant Products, October 13, 2020 (Order No. 5719).

## B. Additional Information Regarding the Notice

In response to questions presented in Chairman's Information Requests (CHIRs), the Postal Service provided additional information relating to the planned price adjustments and classification changes. The following summary, organized by class, highlights the Postal Service's filing of corrections to the MCS, Attachments, and workpapers responsive to issues identified in the CHIRs.

Twelve questions were posed to the Postal Service relating to First-Class Mail.<sup>5</sup> In response to these questions, the Postal Service provided additional detail regarding the planned price adjustments, revised the workpapers for Inbound Letter Post, and corrected the First-Class Mail MCS language relating to the incentives for Seamless Acceptance and Picture Permit Imprint Indicia.<sup>6</sup>

Two questions were posed to the Postal Service relating to USPS Marketing Mail.<sup>7</sup> In response to these questions, the Postal Service provided additional

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<sup>5</sup> Chairman's Information Request No. 2 and Notice of Filing Under Seal, October 20, 2020, questions 1-5, 7-8 (CHIR No. 2); Chairman's Information Request No. 5 and Notice of Filing Under Seal, October 28, 2020, questions 1-4 (CHIR No. 5); Chairman's Information Request No. 6, October 30, 2020, question 1 (CHIR No. 6).

<sup>6</sup> Response of the United States Postal Service to Questions 1 through 5 of Chairman's Information Request No. 2, October 26, 2020, questions 1-5 (Non-public Response to CHIR No. 2) (providing non-public responses to the applicable questions and corrections to the non-public library reference for Inbound Letter Post); Response of the United States Postal Service to Chairman's Information Request No. 2, October 26, 2020, questions 6-8 (Public Response to CHIR No. 2) (providing responses to the applicable questions and corrections to the MCS); Response of the United States Postal Service to Chairman's Information Request No. 5, November 3, 2020, questions 1-4 (Response to CHIR No. 5) (providing non-public responses to the applicable questions and corrections to the non-public library reference for Inbound Letter Post); Response of the United States Postal Service to Chairman's Information Request No. 6, November 3, 2020, question 1 (Response to CHIR No. 6) (providing responsive information regarding planned price adjustments).

The Postal Service requested and obtained an extension to respond to CHIR No. 5. United States Postal Service Motion for Extension of Time to File Response to Chairman's Information Request No. 5, November 2, 2020; Order Granting Motion, November 3, 2020 (Order No. 5748).

<sup>7</sup> Chairman's Information Request No. 1, October 15, 2020, question 2 (CHIR No. 1); CHIR No. 2, question 6.

information regarding the planned price adjustments and corrected the USPS Marketing Mail MCS language relating to the incentive for Picture Permit Imprint Indicia.<sup>8</sup>

Two questions were posed to the Postal Service relating to Periodicals.<sup>9</sup> In response to these questions, the Postal Service corrected Attachment B and provided additional information regarding the development of bottom-up costs for trays.<sup>10</sup>

Two questions were posed to the Postal Service relating to Package Services.<sup>11</sup> In response to these questions, the Postal Service corrected Attachment B and the workpapers.<sup>12</sup>

Six questions were posed to the Postal Service relating to Special Services.<sup>13</sup> In response to these questions, the Postal Service provided additional detail regarding the planned price adjustments and the volumes reported in the billing determinants.<sup>14</sup>

### C. Comments

The Commission received comments on the planned price adjustments from the following participants: American Catalog Mailers Association (ACMA), Greeting Card Association (GCA), Tom McKelvey, MPA - The Association of Magazine Media (MPA),

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<sup>8</sup> Response of the United States Postal Service to Chairman's Information Request No. 1, October 22, 2020, question 2 (Response to CHIR No. 1); Public Response to CHIR No. 2, question 6.

<sup>9</sup> CHIR No. 1, question 1; CHIR No. 2, question 9.

<sup>10</sup> Response to CHIR No. 1, question 1; Public Response to CHIR No. 2, question 9.

<sup>11</sup> CHIR No. 1, question 3; Chairman's Information Request No. 3, October 21, 2020, question 1 (CHIR No. 3).

<sup>12</sup> Response to CHIR No. 1, question 3; Response of the United States Postal Service to Chairman's Information Request No. 3, October 23, 2020, question 1 (Response to CHIR No. 3).

<sup>13</sup> CHIR No. 2, questions 10-13; Chairman's Information Request No. 4, October 22, 2020, question 1 (CHIR No. 4); CHIR No. 6, question 2.

<sup>14</sup> Public Response to CHIR No. 2, questions 10-13; Response of the United States Postal Service to Chairman's Information Request No. 4, October 28, 2020, question 1 (Response to CHIR No. 4); Response to CHIR No. 6, question 2.

National Association of Presort Mailers (NAPM), National Postal Policy Council (NPPC), Pitney Bowes Inc. (Pitney Bowes), Association for Postal Commerce (PostCom), and the Public Representative.<sup>15</sup> This Order summarizes and analyzes these comments where relevant to the issues presented.

### III. RESOLUTION OF CROSS-CLASS ISSUES

This section resolves issues that apply across multiple classes relating to the proposed continuation of the CY 2021 promotions and the introduction of the new rate incentive for mailpieces that qualify for Seamless Acceptance.

#### A. CY 2021 Promotions

##### 1. Introduction

The Postal Service plans to continue offering six promotions applicable to First-Class Mail and USPS Marketing Mail during CY 2021. Notice at 28. Four of the planned promotions apply to eligible First-Class Mail products—Personalized Color Transpromo Promotion, Emerging and Advanced Technology Promotion, Earned Value Reply Mail Promotion, and Informed Delivery Promotion. *Id.* Five of the planned promotions apply to eligible USPS Marketing Mail products—Emerging and Advanced Technology Promotion; Earned Value Reply Mail Promotion; Informed Delivery

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<sup>15</sup> Comments of the American Catalog Mailers Association (ACMA), October 29, 2020 (ACMA Comments); Comments of the Greeting Card Association, October 29, 2020 (GCA Comments); Comments on Seamless Acceptance Rate Incentive, October 29, 2020 (McKelvey Comments); Comments of MPA - The Association of Magazine Media, October 29, 2020 (MPA Comments); Comments of the National Association of Presort Mailers, October 29, 2020 (NAPM Comments); Comments of the National Postal Policy Council, October 29, 2020 (NPPC Comments); Comments of Pitney Bowes Inc., October 29, 2020 (Pitney Bowes Comments); Comments of the Association for Postal Commerce, October 29, 2020 (PostCom Comments); Public Representative Comments, October 29, 2020 (PR Comments).

Promotion; Tactile, Sensory, and Interactive Mailpiece Engagement Promotion; and Mobile Shopping Promotion. *Id.* All six promotions were offered in CY 2020. *Id.*

2. Tactile, Sensory, and Interactive Mailpiece Engagement Promotion  
(Feb. 1 – Jul. 31, 2021)

The Postal Service plans to offer an upfront 2 percent postage discount on regular and nonprofit USPS Marketing Mail letters and flats that meet the Tactile, Sensory, and Interactive Mailpiece Engagement Promotion requirements. *Id.* at 31-32. The Postal Service states that the CY 2021 promotion would encourage mailers to enhance customer engagement with mailpieces by using “print innovations in paper and stock, substrates, inks, interactive elements, and finishing techniques.” *Id.*

3. Emerging and Advanced Technology Promotion  
(Mar. 1 – Aug. 31, 2021)

The Postal Service plans to offer an upfront 2 percent postage discount on First-Class Mail presort or automation letters, cards, and flats, and USPS Marketing Mail letters and flats that meet the Emerging and Advanced Technology Promotion requirements. *Id.* at 30. To qualify for the CY 2021 promotion, eligible mailpieces must include affixed or embedded technology that allows the recipient to engage in a technological experience, or have been automatically generated by the recipient’s applicable online activities. *Id.*

4. Earned Value Reply Mail Promotion  
(Apr. 1 – Jun. 30, 2021)

The Postal Service plans to offer a \$0.02 postage credit for each Business Reply Mail (BRM), Courtesy Reply Mail (CRM), and Share Mail piece entered into the mailstream. *Id.* at 29. There are no mailer-specific volume thresholds to qualify for the CY 2021 promotion. *Id.* The Postal Service explains that credits may be applied to postage for future mailings of First-Class Mail cards, letters, and flats and USPS

Marketing Mail letters and flats. *Id.* The Postal Service states that unused credits will expire December 31, 2021. *Id.*

5. Personalized Color Transpromo Promotion  
(July 1 – Dec. 31, 2021)

The Postal Service plans to offer an upfront 2 percent postage discount on First-Class Mail presort and automation letters—bills and statements only—that meet the Personalized Color Transpromo Promotion requirements. *Id.* at 31. For mailers who participated in this promotion in a prior year, the mailpiece must incorporate both dynamically printed color and personalized messaging to qualify for the CY 2021 promotion. *Id.*, Attachment D at 6. Mailers who did not participate in this promotion in a prior year need only satisfy the dynamic color printing requirement to qualify for the CY 2021 promotion. *Id.*

6. Mobile Shopping Promotion  
(Aug. 1 – Dec. 31, 2021)

The Postal Service plans to offer an upfront 2 percent postage discount on regular and nonprofit USPS Marketing Mail letters and flats that meet the Mobile Shopping Promotion requirements. Notice at 30-31. The Postal Service asserts that the CY 2021 promotion encourages mailers to integrate mobile technology with direct mail to facilitate their customers' online shopping experience. *Id.* The CY 2021 Mobile Shopping Promotion includes voice assistant technology as one of the qualifying mobile technologies. *Id.*

7. Informed Delivery Promotion  
(Sep. 1 – Nov. 30, 2021)

The Postal Service plans to offer an upfront 2 percent discount off postage for First-Class Mail presort and automation letters, cards, and flats and USPS Marketing Mail letters and flats that incorporate best practices and techniques in their Informed

Delivery campaigns. *Id.* at 30. The Postal Service intends for this promotion to continue increasing the adoption rate of the Postal Service's Informed Delivery platform. *Id.*

## 8. Comments

NAPM, NPPC, and PostCom support the planned CY 2021 First-Class Mail and USPS Marketing Mail promotions and encourage the Postal Service to develop additional promotions in the future. NAPM Comments at 8, NPPC Comments at 2; PostCom Comments at 7. The Public Representative asserts that the planned CY 2021 promotions would be consistent with the Commission's rules and orders. See PR Comments at 17-18, 20.

## 9. Commission Analysis

All commenters support the Postal Service's planned promotions for CY 2021. Notably, the planned Earned Value Reply Mail promotion for CY 2021 does not include a mailer-specific threshold.<sup>16</sup> The Commission approves all CY 2021 promotions as

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<sup>16</sup> The Postal Service's use of a mailer-specific volume threshold based on historical mailer volumes with respect to the Earned Value Reply Mail promotion in Docket No. R2020-1 formed the basis for a rulemaking to examine whether a rate incentive based on such a threshold constitutes a "rate of general applicability" such that the volume associated with it can be included in a percentage change in rates calculation. See Docket No. R2020-1, Order on Price Adjustments for USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, November 22, 2019, at 19-24 (Order No. 5321); Docket No. R2020-1, Order Approving Price Adjustments and Related Mail Classification Changes for First-Class Mail, December 20, 2019, at 16 (Order No. 5373). On May 15, 2020, the Commission finalized changes to its rules related to rate incentives for Market Dominant products. Docket No. RM2020-5, Order Adopting Final Rules Regarding Rate Incentives for Market Dominant Products, May 15, 2020 (Order No. 5510). An appeal on this issue remains pending; however, on August 26, 2020, the Commission issued a notice of its intent to initiate a new rulemaking on the issue and reconsider Order No. 5510, and on September 11, 2020, the Commission and the Postal Service filed a joint motion for voluntary dismissal of the appeal and vacatur of Order No. 5510. Docket No. RM2020-5; Notice of Intent to Reconsider, August 26, 2020, at 2 (Order No. 5655); *U.S. Postal Serv. v. Postal Reg. Comm'n*, No. 20-1208 (D.C. Cir. Sept. 11, 2020), ECF Document No. 1861005, at 1-3.



proposed.<sup>17</sup> The Commission encourages the Postal Service to engage in dialogue with its stakeholders to consider the potential to develop additional proposals for promotional pricing in the future.

## B. Seamless Acceptance Incentive

### 1. Introduction

The Postal Service proposes a rate incentive for mailings submitted under the Seamless Acceptance program. Notice at 32. The Postal Service explains that prior to Seamless Acceptance, it performed only manual verification of the mail, which can be an “arduous, time-intensive process.” *Id.* Seamless Acceptance automates this process. *Id.* The proposed incentive is \$0.001 per mailpiece, and will be available to First-Class Mail, USPS Marketing Mail, Periodicals, and Package Services Bound Printed Matter mailpieces that are letter-, card-, and flat-shaped and use the Full-Service Intelligent Mail Barcode (IMb) option. *Id.* at 33; Public Response to CHIR No. 2, question 8.

The Postal Service states that it designed the Seamless Acceptance incentive to encourage the adoption of the program by mailers, thereby improving both the value of

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<sup>17</sup> The Commission notes that the terms of the Personalized Color Transpromo Promotion restrict eligibility “[f]or companies who have participated in this promotion in prior years” to those who “incorporate *both* dynamically printed color *and* personalized messaging in the mailpieces,” whereas “[f]or companies/mail owners who have not previously participated, *only* the dynamic color messaging requirement must be satisfied in their first year of participation . . . .” Notice, Attachment D at 6 (emphasis added); see Notice, Attachment A at 10 (“All mailpieces must contain bills or statements with dynamic variable color (four-color-process) messaging. In addition, in mailpieces sent by a prior year’s participant the color messaging must be personalized to the recipient.”). In this respect, the structure of the promotion could be interpreted as raising issues similar to those presented by prior iterations of the Earned Value Reply Mail promotion, which were the subject of Order No. 5510. The Commission had previously expressed concern with including mail volume associated with promotions in a percentage change in rates calculation when the promotion is not made available to all mailers equally on the same terms and conditions. See Order No. 5510 at 2, 6, 11. The Commission intends to reconsider Order No. 5510 and open a new rulemaking on this issue. See n.16, *supra*. The Commission will consider how future rate cases would treat the type of eligibility requirements presented by the Personalized Color Transpromo Promotion along with the Earned Value Reply Mail Promotion in a new rulemaking.

the mail for mailers and the operations of the Postal Service. Notice at 33. For each qualifying mailpiece entered via Seamless Acceptance, a \$0.001 incentive will be applied to the account entering the mail. *Id.*

The Postal Service asserts that the proposed “incentive will be available to mailers equally on the same terms and conditions.” *Id.* at 34. In addition, the Postal Service notes that the proposed “incentive is being included in the percentage change in rates calculations for each of the four classes for which the incentive will be available” and the proposed “incentive is accounted for in the calculations using the Full-Service volumes submitted by Seamless Acceptance mailers during the Hybrid Year for each class.” *Id.*

## 2. Comments

NAPM, NPPC, Pitney Bowes, PostCom, Tom McKelvey, and the Public Representative provided comments on the proposed incentive.

NAPM states that the proposed “incentive represents an appropriate exercise of the Postal Service’s pricing flexibility to drive more efficient mail preparation and entry.” NAPM Comments at 7.

NPPC asserts that the Commission should approve the Postal Service’s proposed Seamless Acceptance incentive. NPPC Comments at 2. However, NPPC notes that its members “are concerned that Seamless Acceptance is not being implemented efficiently either in practice or in pricing.” *Id.* n.4. NPPC recommends that the Postal Service make the process easy to use by all mailers. *Id.* NPPC also recommends that the Postal Service give serious consideration to a future promotion for Seamless Destruction. *Id.* at 2.

Pitney Bowes also urges the Commission to approve the price incentive and commends the Postal Service for using pricing incentives to stimulate investments by

mailers and mail service providers in a more efficient mail stream. Pitney Bowes Comments at 5.

PostCom states that direct incentives for adoption of Seamless Acceptance “will hasten implementation of cost saving procedures that will improve efficiency and reduce costs.” PostCom Comments at 6. PostCom explains that “[t]his approach is superior to [the] imposition of new regulations and should serve as a model for future changes.” *Id.* However, PostCom notes that there was “confusion regarding how the incentive will be rewarded,” and explains that “earlier signaling of the Postal Service’s intentions might have lessened [this] confusion and enabled better implementation.” *Id.* at 6-7. PostCom recommends that the Postal Service develop other incentives, and suggests that the Secure Destruction program be expanded.<sup>18</sup>

Mr. McKelvey states that although he applauds the Postal Service for its proposal for eDoc submitters who use Seamless Acceptance, the proposal is not in the best interest of mail owners. McKelvey Comments at 1. He recommends that the proposed incentive be awarded to mail owners (who use eDoc submitters, who in turn, use Seamless Acceptance). *Id.* He also states that splitting the incentive with mail owners could address the concern regarding low adoption rate of the program. *Id.*

The Public Representative asserts that the Seamless Acceptance incentive meets the requirements of 39 C.F.R. §§ 3030.512(b)(9)(i) and 3030.523(e)(2). PR Comments at 18.

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<sup>18</sup> *Id.* at 7. For a mailer that enrolls in this program to protect personally identifiable information, the Postal Service will isolate undeliverable-as-addressed letter- and flat-shaped First-Class Mail labeled with an IMb for special handling. See United States Postal Service, Secure Destruction Mail Service - How It Works!, March 18, 2019, available at: [https://postalpro.usps.com/SDMailService\\_HowitWorks](https://postalpro.usps.com/SDMailService_HowitWorks). After a verification process, the Postal Service will shred the mailpiece and notify the mailer. See *id.*

### 3. Commission Analysis

The Commission approves the Seamless Acceptance incentive as proposed. Commenters generally support the proposed incentive and recommend that the Postal Service adopt similar incentives for other programs. However, several commenters expressed concern regarding implementation of the program and administration of the incentive. The implementation of the program, the administration of the incentive, and the decision to offer additional incentives rest with Postal Service management and are beyond the scope of this proceeding. In this proceeding, the Commission is tasked with finding that the proposed incentive meets applicable statutory and regulatory requirements. No commenter submits that the proposed incentive does not meet these requirements or that the Postal Service failed to provide sufficient information for the Commission to adequately evaluate the proposal.

The Commission notes that, in the past, the Postal Service has failed to provide sufficient information as required by 39 C.F.R. § 3030.512(b)(9) to demonstrate that the rate incentive is a rate of general applicability, and to state whether the Postal Service has excluded the rate incentive from the percentage change in rates calculation under 39 C.F.R. § 3030.523(e) or 39 C.F.R. § 3030.524. See Order No. 5321 at 22. The Commission appreciates that the Postal Service has provided the required information with respect to the Seamless Acceptance incentive. See Notice at 34.

Thus, the Commission finds that the proposed incentive conforms to applicable statutory and regulatory requirements. Additionally, the Commission finds the proposed changes to the billing determinants to be reasonable and accepts the proposed changes to the MCS language to add the Seamless Acceptance incentive.

#### IV. FIRST-CLASS MAIL

##### A. Introduction

This section discusses the price adjustment authority and workshare discounts exceeding avoided costs applicable to First-Class Mail. The classification changes for First-Class Mail pertain to the proposed CY 2021 Promotions and Seamless Acceptance incentive, which are addressed in Section III., *supra*.<sup>19</sup> All issues relating to the objectives of 39 U.S.C. § 3622(b) and the factors of 39 U.S.C. § 3622(c), such as comments regarding planned workshare discounts set below their avoided costs and the proposed rate design in general are addressed in Section IX., *infra*.

##### B. Price Adjustment Authority

###### 1. Introduction

Five products are assigned to First-Class Mail: (1) Single-Piece Letters/Postcards; (2) Presorted Letters/Postcards; (3) Flats; (4) Outbound Single-Piece FCMI; and (5) Inbound Letter Post. The planned price increase for First-Class Mail is, on average, 1.831 percent, which results in 0.012 percent remaining unused price adjustment authority.<sup>20</sup> Table IV-1 shows the percentage price change for each First-Class Mail product as calculated by the Commission.

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<sup>19</sup> In response to a CHIR question directed at USPS Marketing Mail, the Postal Service also corrected its MCS to reflect that the incentive for Picture Permit Imprint Indicia does not apply to First-Class Mail Flats, thereby conforming to existing practice. Public Response to CHIR No. 2, question 6.

<sup>20</sup> In addition to the current annual limitation of 1.458 percent, First-Class Mail has 0.385 percent of existing unused rate adjustment authority available. Therefore, the total pricing authority available for First-Class Mail is 1.843 percent. See Library Reference PRC-LR-R2021-1-1, Excel file "PRC\_CAPCALC-FCM-R2021-1.xlsx."

**Table IV-1**  
**First-Class Mail Price Changes (by Product)**

<b>First-Class Mail Product</b>	<b>Price Change %</b>
Single-Piece Letters/Postcards	1.370
Presorted Letters/Postcards	2.163
Flats	1.260
Outbound Single-Piece FCMI	0.000
Inbound Letter Post	5.671
<b>Overall</b>	<b>1.831</b>
Source: Library Reference PRC-LR-R2021-1-1, Excel file "PRC_CAPCALC-FCM-R2021-1.xlsx."	

## 2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-7. The Postal Service proposes to adjust the billing determinants for First-Class Mail relating to Share Mail and Picture Permit. See Notice at 12. Additionally, the Postal Service proposes to adjust the billing determinants for First-Class Mail to reflect the volumes associated with its proposed incentive for Seamless Acceptance, which is discussed in Section III.B., *supra*.

## 3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative asserts that planned price adjustments comply with the requirements of the price cap. See PR Comments at 2.

#### 4. Commission Analysis

The Commission finds the Postal Service's price adjustments for First-Class Mail comply with the price cap limitations specified by 39 U.S.C. § 3622(d). Inbound Letter Post<sup>21</sup> terminal dues were originally determined by the Postal Service to increase by 7.549 percent compared to current terminal dues rates. Notice at 7, 9. Along with its responses to information requests, the Postal Service filed revised versions of its non-public Inbound Letter Post workpapers, which include correct terminal dues rates and weights where applicable, and provided clarifications on applicability of internal air conveyance charges.<sup>22</sup> As a result of these clarifications and corrections, the Commission recalculates the price increase for Inbound Letter Post to be 5.671 percent compared to current terminal dues rates.<sup>23</sup> Based on this recalculation, the Postal Service's price adjustment of 1.831 percent is less than the total price adjustment authority of 1.843 percent; therefore the total unused price adjustment authority for First-Class Mail is 0.012 percent.<sup>24</sup> The Commission also accepts the Postal Service's adjustments to the billing determinants for First-Class Mail as reasonable.

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<sup>21</sup> By way of background, the Commission approved the transfer of Inbound Small Packets and Bulky Letters from the Market Dominant Inbound Letter Post product to the Competitive Inbound Letter Post Small Packets and Bulky Letter product on January 1, 2020. Docket Nos. MC2019-17 and CP2019-155, Order Granting Postal Service's Motion and Approving Prices for Inbound Letter Post Small Packets and Bulky Letters, December 19, 2019, at 16 (Order No. 5372). Additionally, the Commission approved specific per-item and per-kilogram self-declared rates for the Inbound Letter Post Small Packets and Bulky Letters product, to be implemented effective July 1, 2020. See *id.* at 15.

<sup>22</sup> See Non-public Response to CHIR No. 2, questions 1-5; Response to CHIR No. 5, questions 1-4.

<sup>23</sup> See Library Reference PRC-LR-R2021-1-1, Excel file "PRC\_CAPCALC-FCM-R2021-1.xlsx;" see also Library Reference PRC-LR-R2021-1-NP1, November 18, 2020, Excel file "PRC\_Inbound CAPCALC-FCMI-R2021-1.xlsx."

<sup>24</sup> The current annual limitation is 1.458 percent. In addition to the annual limitation, First-Class Mail has 0.385 percent of existing unused rate adjustment authority available. Therefore, the total pricing authority available for First-Class Mail is 1.843 percent. See Library Reference PRC-LR-R2021-1-1, Excel file "PRC\_CAPCALC-FCM-R2021-1.xlsx."

## C. Workshare Discounts Exceeding Avoided Costs

### 1. Introduction

The Commission is required to ensure that workshare “discounts do not exceed the cost that the Postal Service avoids as a result of workshare activity” unless the discount falls within a specified exception. 39 U.S.C. § 3622(e)(2). Commission rules require the Postal Service to justify any proposed workshare discount that exceeds 100 percent of the avoidable costs by explaining how it meets one or more exceptions under the PAEA. 39 C.F.R. § 3030.512(b)(6). Issues relating to workshare discounts set below avoided costs, which the PAEA does not explicitly prohibit, are addressed in Section IX., *infra*.

### 2. The Postal Service’s Position

The Postal Service states that that no planned First-Class Mail workshare discounts would exceed their avoided costs. Notice at 11.

### 3. Comments

The Public Representative states that none of the workshare discounts proposed by the Postal Service exceed their avoided costs. PR Comments at 13. He notes that “[t]he Commission has continually encouraged the Postal Service to accomplish this so as to be in compliance with 39 U.S.C. § 3622(e)(2).” *Id.*

### 4. Commission Analysis

No proposed First-Class Mail workshare discounts would exceed their avoided costs; therefore, the Commission approves all proposed First-Class Mail workshare discounts as consistent with 39 U.S.C. § 3622(e).



## V. USPS MARKETING MAIL

### A. Introduction

This section discusses the price adjustment authority, workshare discounts exceeding avoided costs, mail classification changes, statutory preferential rates, and nonprofit discounts applicable to USPS Marketing Mail, as well as compliance with specific pricing directives and recommendations contained in the Commission's FY 2010, FY 2018, and FY 2019 Annual Compliance Determination Reports.<sup>25</sup> All issues relating to the Postal Service's planned CY 2021 promotions and the proposed Seamless Acceptance incentive are addressed in Section III., *supra*. All issues relating to the objectives of 39 U.S.C. § 3622(b) and the factors of 39 U.S.C. § 3622(c), such as comments pertaining to planned workshare discounts set below their avoided costs or the Postal Service's proposed rate design in general, are addressed in Section IX., *infra*.

### B. Price Adjustment Authority

#### 1. Introduction

The USPS Marketing Mail class consists of seven products: (1) Letters; (2) Flats; (3) Parcels; (4) High Density and Saturation Letters; (5) High Density and Saturation Flats/Parcels; (6) Carrier Route; and (7) Every Door Direct Mail - Retail. The planned price increase for USPS Marketing Mail is, on average, 1.509 percent, which results in 0.010 percent in unused price adjustment authority.<sup>26</sup> Table V-1 shows the

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<sup>25</sup> See Docket No. ACR2010, *Annual Compliance Determination Report*, March 29, 2011, at 107 (FY 2010 ACD); Docket No. ACR2018, *Annual Compliance Determination Report*, April 12, 2019, at 70-72 (FY 2018 ACD); Docket No. ACR2019, *Annual Compliance Determination Report*, March 25, 2020, at 43, 46, 52 (FY 2019 ACD).

<sup>26</sup> In addition to the current annual limitation of 1.458 percent, USPS Marketing Mail has 0.061 percent of existing unused rate adjustment authority available. Therefore, the total pricing authority available for USPS Marketing Mail is 1.519 percent. See Library Reference PRC-LR-R2021-1-2, Excel file "PRC-CAPCALC-MM-R2021-1.xlsx."

percentage price change for each USPS Marketing Mail product as calculated by the Commission.

**Table V-1**  
**USPS Marketing Mail Price Changes (By Product)**

<b>USPS Marketing Mail Product</b>	<b>Price Change %</b>
Letters	0.771
Flats	3.553
Parcels	16.791
High Density and Saturation Letters	2.373
High Density and Saturation Flats/Parcels	0.989
Carrier Route	3.529
Every Door Direct Mail – Retail	0.524
<b>Overall</b>	<b>1.509</b>
Source: Library Reference PRC-LR-R2021-1-2, Excel file "PRC-CAPCALC-MM-R2021-1.xlsx."	

## 2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-6, 12-16. The Postal Service proposes to adjust the billing determinants to implement its proposal to move lightweight Nonautomation Nonmachinable letter-shaped mailpieces from the Letters product to the Flats product.<sup>27</sup> To give effect to this proposed classification change, these volumes are moved from the Letters product to the Flats product in the price cap calculation. *Id.* Additionally, the

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<sup>27</sup> *Id.* at 16. At present, lightweight Nonautomation Nonmachinable letter-shaped mailpieces that weigh less than 4 ounces are priced and reported within the Letters product, while Nonautomation Nonmachinable letter-shaped mailpieces that weigh over 4 ounces are classified within the Flats product and pay Nonautomation Flats prices.

Postal Service proposes to adjust the billing determinants for USPS Marketing Mail to reflect the volumes associated with its proposed incentive for Seamless Acceptance, which is discussed in Section III.B., *supra*.

### 3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative asserts that planned price adjustments comply with the requirements of the price cap. See PR Comments at 2.

### 4. Commission Analysis

The Commission finds that the Postal Service's planned price adjustments for USPS Marketing Mail comply with the price cap limitations specified in 39 U.S.C. § 3622(d). The Postal Service's planned price adjustment of 1.509 percent is less than the total available authority of 1.519 percent; therefore, the total unused price adjustment authority available for USPS Marketing Mail is 0.010 percent.<sup>28</sup> The Commission accepts the Postal Service's adjustments to the billing determinants for USPS Marketing Mail as reasonable.

## C. Workshare Discounts Exceeding Avoided Costs

### 1. Introduction

The Commission is required to ensure that workshare "discounts do not exceed the cost that the Postal Service avoids as a result of workshare activity" unless the discount falls within a specified exception. 39 U.S.C. § 3622(e)(2). Commission rules require the Postal Service to justify any proposed workshare discount that exceeds 100

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<sup>28</sup> The current annual limitation is 1.458 percent. In addition to the annual limitation, USPS Marketing Mail has 0.061 percent of existing unused rate adjustment authority available. Therefore, the total pricing authority available for USPS Marketing Mail is 1.519 percent. See Library Reference PRC-LR-R2021-1-2, Excel file "PRC-CAPCALC-MM-R2021-1.xlsx."

percent of the avoidable costs by explaining how it meets one or more exceptions under the PAEA. 39 C.F.R. § 3030.512(b)(6). Issues relating to workshare discounts set below avoided costs, which the PAEA does not explicitly prohibit, are addressed in Section IX., *infra*.

## 2. The Postal Service's Position

The Postal Service states that no planned USPS Marketing Mail workshare discounts would exceed their avoided costs. Notice at 15-16. The 10 workshare discounts that exceeded their avoided costs in the most recent Annual Compliance Determination have all been brought into compliance. *Id.*; see also FY 2019 ACD at 16-23.

## 3. Comments

The Public Representative states that none of the workshare discounts proposed by the Postal Service exceed their avoided costs. PR Comments at 13. He notes that “[t]he Commission has continually encouraged the Postal Service to accomplish this so as to be in compliance with 39 U.S.C. § 3622(e)(2).” *Id.*

PostCom states that the Postal Service's proposal narrows destination-entry workshare discounts in the USPS Marketing Mail class in order to reduce excessive passthroughs. PostCom Comments at 5-6. PostCom maintains that this undermines the Postal Service's operational efficiency and forces mailers to choose between either entering mailpieces further upstream, where service performance is likely to be worse, or paying more to continue obtaining the same level of service performance. *Id.* PostCom predicts that the Postal Service's transportation and mail processing costs will continue to outpace inflation, which will force mailers to enter mail further upstream. *Id.* PostCom notes that the PAEA provides exceptions to the general prohibition on workshare discounts exceeding their avoided costs, including an exception for situations where “reduction or elimination of the discount would impede the efficient operation of

the Postal Service.” *Id.* at 6 (citing 39 U.S.C. § 3622(e)(2)(D)). PostCom argues that destination-entry discounts exceeding their avoided costs should be permitted under this exception. *Id.*

#### 4. Commission Analysis

No proposed USPS Marketing Mail workshare discounts would exceed their avoided costs; therefore, the Commission approves all proposed USPS Marketing Mail workshare discounts as consistent with 39 U.S.C. § 3622(e). The Commission commends the Postal Service for its progress in realigning workshare discounts in the USPS Marketing Mail class that were previously set in excess of their avoided costs.

PostCom contends that the Postal Service should be permitted to propose workshare discounts exceeding avoided costs in the interest of operational efficiency. PostCom Comments at 5-6. This issue is moot for purposes of this proceeding because the Postal Service has not proposed any such workshare discount. The Commission notes, however, that pursuant to 39 U.S.C. § 3622(e)(2)(D), the Postal Service may propose such a workshare discount.<sup>29</sup>

#### D. Mail Classification Changes

##### 1. Introduction

The Postal Service proposes a series of related classification changes for USPS Marketing Mail with respect to lightweight Nonautomation Nonmachinable letter-shaped mailpieces and both heavyweight and lightweight Nonautomation Saturation and High

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<sup>29</sup> The Commission notes that it has proposed modifications to the existing ratemaking system, which would increase the evidentiary burden on the Postal Service in proposing such a workshare discount, but would nevertheless preserve its ability to do so. See Docket No. RM2017-3, Revised Notice of Proposed Rulemaking, December 5, 2019, at 207-209 (Order No. 5337). This rulemaking is currently pending.

Density letter-shaped mailpieces. Notice at 14-15. In Docket No. R2020-1, the Commission observed that for some price categories the Postal Service had not proposed smooth transitions (*i.e.*, “breakpoint prices”) between lightweight and heavyweight mailpieces.<sup>30</sup> The Postal Service stated that because it set prices for heavyweight Nonautomation Nonmachinable Letters equal to Nonautomation Flats prices, and Letters and Flats had different presort and dropship cost avoidances, it was difficult to achieve continuity between the two rate structures. *Id.* at 27. The Postal Service stated that it would consider recommending to its Board of Governors that the MCS be amended in a future rate filing to move all Nonmachinable letter-shaped mailpieces into the Flats product in order to rectify the breakpoint price issue. *Id.*

## 2. The Postal Service’s Position

In its current Notice, the Postal Service formally makes the proposal it alluded to in Docket No. R2020-1. Notice at 14-15. Specifically, it proposes amending the MCS to move lightweight Nonautomation Nonmachinable letter-shaped mailpieces from the Letters product to the Flats product. *Id.* at 14. The Postal Service explains that “[a]t present, lightweight Nonautomation Nonmachinable Letters are priced and reported within the Letters product, while [heavyweight] Nonautomation Nonmachinable Letters that weigh over 4 ounces are classified within Flats and pay Nonautomation Flats prices.” *Id.* at 15. The Postal Service states that “[b]ecause prices within the Letters and Flats products are developed independently, breakpoint discrepancies have arisen between lightweight and heavyweight Nonautomation Nonmachinable letter-shaped [mail]pieces.” *Id.* The Postal Service maintains that the proposed classification change

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<sup>30</sup> See Order No. 5321 at 26. As the Commission explained, mailpieces weighing less than or equal to 4 ounces pay a flat per-piece price, while mailpieces weighing over 4 ounces pay both a per-piece and a per-pound price. *Id.* at 26 n.39. Therefore, at exactly 4 ounces the lightweight per-piece price and the heavyweight combined per-piece and per-pound price should be equal. *Id.* Under the prices proposed in Docket No. R2020-1, however, the Commission found that the breakpoint prices for many heavyweight USPS Marketing Mail pieces were less than their respective lightweight prices. *Id.* at 28.

for lightweight Nonautomation Nonmachinable letter-shaped mailpieces will ensure smooth transitions between the per-piece-only prices for lightweight mailpieces and the piece-pound prices for heavyweight mailpieces. *Id.* The Postal Service states that this classification change will result in the elimination of three workshare relationships within the Letters product and the creation of three corresponding workshare relationships within the Flats product. *Id.* at 16.

Similarly, the Postal Service proposes to amend the MCS language to move both heavyweight and lightweight Nonautomation Saturation and High Density letter-shaped mailpieces from the High Density and Saturation Letters product to the High Density and Saturation Flats/Parcels product. *See id.* at 15 n.19. The Postal Service explains that is because these mailpieces, like heavyweight Nonautomation Nonmachinable Letters, are letter-shaped but pay High Density and Saturation Flats/Parcels prices and are reported within High Density and Saturation Flats/Parcels in the Postal Service's price cap calculation; Revenue, Pieces, and Weight report; and Cost and Revenue Analysis report. *Id.*

Additionally, in response to an information request the Postal Service clarified that the Picture Permit Imprint Indicia incentive is only applicable to card- and letter-shaped mailpieces, not flat-shaped mailpieces and corrected its proposed MCS language. Public Response to CHIR No. 2, question 6.

### 3. Comments

No commenter specifically addresses the Postal Service's proposed classification changes for USPS Marketing Mail.

### 4. Commission Analysis

The Commission accepts the proposed changes to the MCS language with respect to lightweight Nonautomation Nonmachinable letter-shaped mailpieces, as well

as both lightweight and heavyweight Nonautomation Saturation and High-Density letter-shaped mailpieces. The Commission finds that these reclassifications will result in more logical prices for these price categories that are consistent with traditional rate-setting principles and send correct price signals. The Commission also accepts the proposed MCS revisions directed at clarifying the applicability of the Picture Permit Imprint Indicia incentive.

#### E. Statutory Preferential Rates

Nonprofit rates are required to yield per-piece revenues that equal, as nearly as practicable, 60 percent of commercial per-piece revenues. 39 U.S.C. § 3626(a)(6)(A). No commenter challenges the Postal Service's compliance with this requirement. For the planned prices in this proceeding, the percentage ratio of the nonprofit average revenue per-piece to the commercial average revenue per-piece is 60.19 percent.<sup>31</sup> The Commission finds that the revenue per-piece percentage ratio proposed by the Postal Service fulfills the requirement of 39 U.S.C. § 3626(a)(6)(A).

#### F. Nonprofit Discounts

The Postal Service is required to either equalize or adequately justify all unequal nonprofit and commercial discounts.<sup>32</sup> No commenter challenges the Postal Service's compliance with this requirement. The Commission finds that the Postal Service's planned nonprofit discounts comply with this requirement.

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<sup>31</sup> Library Reference PRC-LR-R2021-1-2, Excel file "PRC-CAPCALC-MM-R2021-1.xlsx."

<sup>32</sup> See 39 U.S.C. § 3622(e)(2); *Nat'l Easter Seal Soc. for Crippled Children & Adults v. U.S. Postal Serv.*, 656 F.2d 754 (D.C. Cir. 1981).



G. Compliance with the FY 2010, FY 2018, and FY 2019 ACD Directives and Recommendations

1. Introduction

In this price adjustment, the Postal Service has proposed price increases for the Flats, Parcels, and Carrier Route products that are at least 2 percentage points above the USPS Marketing Mail class average increase, consistent with the Commission's FY 2018 and FY 2019 ACD directives and recommendations. See FY 2018 ACD at 70-72; FY 2019 ACD at 43, 46, 52. The FY 2018 directive for Flats also required that "[t]he Postal Service must continue responding to the requirements of the FY 2010 ACD directive . . . ." FY 2018 ACD at 72. The FY 2010 ACD directive, in turn, required the Postal Service to provide in future notices of market dominant price adjustments the following information with respect to the Flats product: a schedule of future above consumer price index (CPI) price increases; an explanation of how proposed prices will move the cost coverage for Flats closer to 100 percent; and a statement estimating the effect that proposed prices will have in reducing the subsidy for the Flats product. FY 2010 ACD at 107. The Postal Service did not provide this information in its Notice. An information request was therefore issued to obtain the information required by the FY 2010 ACD directive. CHIR No. 1, question 2.

2. The Postal Service's Position

For the information required by the FY 2010 ACD directive, the Postal Service refers the Commission to responses it provided to an identical information request in Docket No. R2020-1. Response to CHIR No. 1, question 2. In its responses in Docket No. R2020-1, the Postal Service asserted that "[w]ith the imposition of the Commission's directive to increase Flats prices 2 percentage points above the class average . . . , the Postal Service is not in a position to commit to a specific schedule of

future increases.”<sup>33</sup> The Postal Service stated that because “[t]he 2 percentage point requirement for . . . Flats was imposed by the Commission[,]” the Postal Service “assume[d] that the Commission determined that the increase [would] move Flats cost coverage toward 100 percent.” Docket No. R2020-1 Response to CHIR No. 4, question 1.b. The Postal Service asserted that “[g]iven that the planned price increase for Flats [was] materially larger than the planned price increase for [USPS Marketing Mail] as a whole, it should reduce the subsidy of the Flats product relative to a smaller price increase.” *Id.*, question 1.c.

In response to CHIR No. 1 in the instant docket, the Postal Service states that “[i]n the event that the FY 2020 Annual Compliance Determination does not again mandate a specific, Commission-chosen minimum price increase but does continue to impose an above-class-average pricing requirement, the Postal Service will then assess whether to return to its previous 1.05 times CPI approach or to change course.” Response to CHIR No. 1, question 2.a. With respect to how the proposed prices in this docket will move Flats cost coverage towards 100 percent and the effect that the proposed prices will have on reducing the subsidy of the Flats product, the Postal Service reiterates its responses from Docket No. R2020-1, which the Commission summarizes above. *Id.*, questions 2.b-2.c.

### 3. Comments

The Public Representative asserts that the Postal Service has complied with the Commission’s directives and recommendations. PR Comments at 19. No other commenter addressed this issue.

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<sup>33</sup> Docket No. R2020-1, Response of the United States Postal Service to Chairman’s Information Request No. 4, question 1.a., October 23, 2019 (Docket No. R2020-1 Response to CHIR No. 4).

#### 4. Commission Analysis

The Postal Service has complied with the Commission's FY 2018 and FY 2019 ACD directives and recommendations by proposing to increase the prices for Flats, Parcels, and Carrier Route by at least 2 percentage points above the class average for USPS Marketing Mail. In future notices of market dominant price adjustments, the Postal Service must continue to provide the information required by the Commission's FY 2010 ACD directive.

### VI. PERIODICALS

#### A. Introduction

This section discusses the price adjustment authority, workshare discounts exceeding avoided costs, mail classification changes, and statutory preferential rates applicable to Periodicals. Issues related to the proposed introduction of the incentive for Seamless Acceptance are discussed in Section III.B., *supra*. All issues relating to the objectives of 39 U.S.C. § 3622(b) and the factors of 39 U.S.C. § 3622(c), such as issues regarding planned workshare discounts set below their avoided costs and the Postal Service's efforts to increase cost coverage are addressed in Section IX., *infra*.

#### B. Price Adjustment Authority

##### 1. Introduction

The Periodicals class consists of two products: (1) In-County;<sup>34</sup> and (2) Outside County. The planned price increase for Periodicals is, on average, 1.456 percent, which leaves 0.002 percent in available unused price adjustment authority. Table VI-1

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<sup>34</sup> Although the Notice refers to this product as "Within County," this product is named In-County Periodicals in the MCS. Postal Regulatory Commission, (draft) Mail Classification Schedule posted January 26, 2020, § 1300.2 (with revisions through September 30, 2020), available at: <http://www.prc.gov/mail-classification-schedule>.

shows the percent price change for each Periodicals product as calculated by the Commission.

**Table VI-1  
Periodicals Price Changes (By Product)**

Periodicals Product	Price Change %
Outside County	1.469
In-County	1.202
Overall	1.456
Source: Library Reference PRC-LR-R2021-1-3, Excel file: "PRC-CAPCALC-PER-R2021-1.xlsx."	

## 2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-6, 17. The Postal Service proposes to adjust the billing determinants for Periodicals to reflect the volumes associated with its proposed incentive for Seamless Acceptance, which is discussed in Section III.B., *supra*.

## 3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative asserts that planned price adjustments comply with the requirements of the price cap. See PR Comments at 2.

## 4. Commission Analysis

The Commission finds the Postal Service's planned price adjustments for Periodicals comply with the price cap limitations specified in 39 U.S.C. § 3622(d). The Postal Service's planned price adjustment of 1.456 percent is less than the total price

adjustment authority of 1.458 percent; therefore, the total unused price adjustment authority for Periodicals is 0.002 percent.<sup>35</sup>

### C. Workshare Discounts Exceeding Avoided Costs

#### 1. Introduction

The Commission is required to ensure that workshare “discounts do not exceed the cost that the Postal Service avoids as a result of workshare activity” unless the discount falls within a specified exception. 39 U.S.C. § 3622(e)(2). Commission rules require the Postal Service to justify any proposed workshare discount that exceeds 100 percent of the avoidable costs by explaining how it meets one or more exceptions under the PAEA. 39 C.F.R. § 3030.512(b)(6). Issues relating to workshare discounts set below avoided costs, which the PAEA does not explicitly prohibit, are addressed in Section IX., *infra*.

#### 2. The Postal Service’s Position

The Postal Service states that no planned Periodicals workshare discounts would exceed their avoided costs. Notice at 18.

#### 3. Comments

The Public Representative states that none of the workshare discounts proposed by the Postal Service exceed their avoided costs. PR Comments at 13. He notes that “[t]he Commission has continually encouraged the Postal Service to accomplish this so as to be in compliance with 39 U.S.C. § 3622(e)(2).” *Id.*

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<sup>35</sup> The existing unused price adjustment authority for Periodicals is 0.000 percent; the new unused price adjustment authority for Periodicals generated from this docket (through the introduction of the incentive for Seamless Acceptance) is 0.002 percent. See Library Reference PRC-LR-R2021-1-3, Excel file “PRC-CAPCALC-PER-R2021-1.xlsx.”

#### 4. Commission Analysis

No proposed Periodicals workshare discounts would exceed their avoided costs; therefore, the Commission approves all proposed Periodicals workshare discounts as consistent with 39 U.S.C. § 3622(e). The Commission commends the Postal Service for its progress in re-aligning the workshare discount that exceeded its avoided cost. See FY 2019 ACD at 16.

#### D. Classification Changes

##### 1. Introduction

In addition to the proposed introduction of the incentive for Seamless Acceptance, as discussed in Section III.B., *supra*, the Postal Service proposes one additional mail classification change to Periodicals.

##### 2. The Postal Service's Position

For Outside County Periodicals, the Postal Service proposes to separate sack and tray container prices. Notice at 17; Attachment A at 62, 65. The Postal Service asserts that this price differentiation is aimed at encouraging more efficient mail preparation. Notice at 17. Presently, the Postal Service uses the bottom-up costs for sacks as a proxy for the bottom-up costs for trays. Public Response to CHIR No. 2, question 9.a. The Postal Service plans to develop separate bottom-up costs for trays in FY 2021. See *id.*, question 9.b.ii.

##### 3. Comments

No commenter addresses this proposed classification change.

#### 4. Commission Analysis

The Commission accepts this proposed change, which complies with applicable statutory and regulatory requirements.

#### E. Statutory Preferential Rates

##### 1. Introduction

The Periodicals class is accorded several statutory pricing preferences. See 39 U.S.C. § 3626.

##### 2. The Postal Service's Position

The Postal Service states that it has complied with these requirements in this rate case. Notice at 34.

*In-County.* 39 U.S.C. § 3626(a)(3) requires that the prices for In-County Periodicals reflect this product's preferred status relative to the prices for regular rate (Outside County) Periodicals. The Postal Service asserts that it "continues to recognize the preferential status of Within County Periodicals by keeping its prices below those of regular Outside County Periodicals." *Id.*

*Outside County—Nonprofit and Classroom.* 39 U.S.C. § 3626(a)(4)(A) requires that Nonprofit and Classroom Periodicals receive, as nearly as practicable, a 5 percent discount from regular rate postage, except for advertising pounds. The Postal Service asserts that, consistent with past practice, it continues this rate preference by giving Nonprofit and Classroom pieces a 5 percent discount on all components of postage, except for advertising pounds and ride-along postage. *Id.* at 35.

*Outside County—Science of Agriculture Periodicals.* 39 U.S.C. § 3626(a)(5) requires that Science of Agriculture Periodicals be given preferential treatment for advertising pounds. The Postal Service states that it will continue to provide these

publications with advertising pound prices for destination delivery unit (DDU), destination sectional center facility (DSCF), destination area distribution center (DADC), and Zones 1 & 2 that are 75 percent of the advertising pound prices applicable to regular Outside County Periodicals. *Id.*

*Limited circulation discount.* 39 U.S.C. § 3626(g)(4)(C) provides preferential treatment for Outside County pieces of a Periodicals publication with fewer than 5,000 Outside County pieces and at least one Within County piece. The Postal Service states that it is continuing the “limited circulation” discount that provides these pieces with a discount equivalent to the Nonprofit and Classroom discount. *Id.* at 36.

### 3. Comments

The Public Representative states that the Postal Service fulfills the requirements of 39 U.S.C. § 3626(a)(3), (a)(4)(A), (a)(5), and (g)(4)(C). PR Comments at 17.

### 4. Commission Analysis

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

- *In-County.* The average per-piece revenue for Within County is approximately 39 percent of the average per-piece revenue for Outside County Flats pieces. This satisfies 39 U.S.C. § 3626(a)(3).
- *Outside County—Nonprofit and Classroom.* Nonprofit and Classroom publications receive a 5 percent discount from regular Outside County piece, bundle, sack, and pallet prices, and editorial pound prices, consistent with 39 U.S.C. § 3626(a)(4)(A).



- *Outside County—Science of Agriculture Periodicals.* Science of Agriculture advertising pound rates are 25 percent less than regular Periodicals, consistent with 39 U.S.C. § 3626(a)(5).
- *Limited circulation discount.* The planned limited circulation discount for qualifying Outside County pieces is 5 percent, consistent with 39 U.S.C. § 3626(g)(4).

## VII. PACKAGE SERVICES

### A. Introduction

This section discusses the price adjustment authority, workshare discounts exceeding avoided costs, and statutory preferential rates applicable to Package Services. Issues related to the proposed introduction of the incentive for Seamless Acceptance are discussed in Section III.B., *supra*. All issues relating to the objectives of 39 U.S.C. § 3622(b) and the factors of 39 U.S.C. § 3622(c), such as issues regarding planned workshare discounts set below their avoided costs and the Postal Service's efforts to increase cost coverage are addressed in Section IX., *infra*.

### B. Price Adjustment Authority

#### 1. Introduction

The Package Services class consists of four products: (1) Alaska Bypass Service; (2) Bound Printed Matter (BPM) Flats; (3) BPM Parcels; and (4) Media Mail/Library Mail. The planned price increase for Package Services is, on average, 1.460 percent, which results in 0.006 percent remaining unused price adjustment authority. Table VII-1 shows the percentage price change for each Package Services product as calculated by the Commission.

**Table VII-1**  
**Package Services Price Changes (By Product)**

<b>Package Services Product</b>	<b>Price Change %</b>
Alaska Bypass Service	1.429
BPM Flats	-0.001
BPM Parcels	0.000
Media Mail/Library Mail	3.579
<b>Overall</b>	<b>1.460</b>
Source: Library Reference PRC-LR-R2021-1-4, Excel file "PRC-CAPCALC- PACKSERV-R2021-1.xlsx."	

## 2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-6, 24. The Postal Service proposes to adjust the billing determinants for Package Services to reflect the volumes associated with its proposed incentive for Seamless Acceptance, which is discussed in Section III.B., *supra*.<sup>36</sup>

## 3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative asserts that planned price adjustments comply with the requirements of the price cap. See PR Comments at 2.

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<sup>36</sup> See Notice at 25; Response to CHIR No. 3, question 1 (addressing billing determinant discrepancies and correcting workpapers for BPM Flats and BPM Parcels).

#### 4. Commission Analysis

The Commission finds the Postal Service's planned price adjustments for Package Services comply with the price cap limitations specified in 39 U.S.C. § 3622(d). The Postal Service's planned price adjustment of 1.460 percent is less than the total available price adjustment authority of 1.466 percent; therefore, the total unused price adjustment authority available for Package Services is 0.006 percent.<sup>37</sup>

In its FY 2019 ACD, the Commission directed the Postal Service to submit a plan outlining how it would increase the cost coverage for Media Mail/Library Mail. FY 2019 ACD at 66. The Postal Service responded that it would consider using its pricing flexibility within Package Services to apply a series of higher-than-average increases to this product.<sup>38</sup> The Postal Service's proposal to increase that product's rates by approximately 2 percentage points more than the average for the Package Services class is consistent with its plan.

#### C. Workshare Discounts Exceeding Avoided Costs

##### 1. Introduction

The Commission is required to ensure that workshare "discounts do not exceed the cost that the Postal Service avoids as a result of workshare activity" unless the discount falls within a specified exception. 39 U.S.C. § 3622(e)(2). Commission rules require the Postal Service to justify any proposed workshare discount that exceeds 100 percent of the avoidable costs by explaining how it meets one or more exceptions under

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<sup>37</sup> The current annual limitation is 1.458 percent. In addition to the annual limitation, Package Services has 0.008 percent of existing unused rate adjustment authority available. Therefore, the total pricing authority available for Package Services is 1.466 percent. See Library Reference PRC-LR-R2021-1-4, Excel file "PRC-CAPCALC-PACKSERV-R2021-1.xlsx."

<sup>38</sup> See Docket No. ACR2019, Second Response of the United States Postal Service to Commission Requests for Additional Information in the FY 2019 Annual Compliance Determination, June 23, 2020, question 1 (Docket No. ACR2019 Second Response).

the PAEA. 39 C.F.R. § 3030.512(b)(6). Issues relating to workshare discounts set below avoided costs, which the PAEA does not explicitly prohibit, are addressed in Section IX., *infra*.

## 2. The Postal Service's Position

The Postal Service states that no planned Package Services workshare discounts would exceed their avoided costs. Notice at 24.

## 3. Comments

The Public Representative states that none of the workshare discounts proposed by the Postal Service exceed their avoided costs. PR Comments at 13. He notes that “[t]he Commission has continually encouraged the Postal Service to accomplish this so as to be in compliance with 39 U.S.C. § 3622(e)(2).” *Id.*

## 4. Commission Analysis

No proposed Package Services workshare discounts would exceed their avoided costs; therefore, the Commission approves all proposed Package Services workshare discounts as consistent with 39 U.S.C. § 3622(e).

## D. Statutory Preferential Rates

The Postal Service is required to set prices for Library Mail as nearly as practicable to 95 percent of Media Mail prices. 39 U.S.C. § 3626(a)(7). The Postal Service explains that it satisfies this requirement by setting each Library Mail price element equal to 95 percent of its corresponding Media Mail price element. Notice at 35-36. The Commission finds that the prices for Media Mail and Library Mail comply with 39 U.S.C. § 3626(a)(7) because Library Mail prices are set as nearly as practicable to 95 percent of corresponding Media Mail prices.

## VIII. SPECIAL SERVICES

### A. Introduction

This section discusses the price adjustment authority and mail classification changes applicable to Special Services. All issues relating to the objectives of 39 U.S.C. § 3622(b) and the factors of 39 U.S.C. § 3622(c) are addressed in Section IX., *infra*.

### B. Price Adjustment Authority

#### 1. Introduction

Special Services consists of nine products:<sup>39</sup> (1) Ancillary Services; (2) International Ancillary Services; (3) Address Management Services (AMS); (4) Caller Service and Reserve Numbers; (5) Credit Card Authentication; (6) International Business Reply Mail Service; (7) Money Orders; (8) Post Office Box Service; and (9) Stamp Fulfillment Services. The planned price increase for Special Services is, on average, 1.458 percent, which results in 0.007 percent in total unused price adjustment authority. Table VIII-1 shows the percentage price change for each Special Services product as calculated by the Commission.

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<sup>39</sup> On June 16, 2020, the Commission approved the removal of Customized Postage from the Market Dominant product list, effective August 1, 2020. See Docket No. MC2020-126, Order Approving Removal of Customized Postage from Mail Classification Schedule, June 16, 2020 (Order No. 5550); see also Docket No. MC2020-126, Notice of Effective Date of Removal of Customized Postage from the Mail Classification Schedule, June 18, 2020. Customized Postage's removal is reflected in the Commission's most recent MCS update. See Postal Regulatory Commission, (draft) Mail Classification Schedule posted January 26, 2020 (with revisions through September 30, 2020), available at: <http://www.prc.gov/mail-classification-schedule>.

**Table VIII-1**  
**Special Services Price Changes (By Product)**

<b>Special Services Product</b>	<b>Percent Change %</b>
Ancillary Services <sup>40</sup>	1.419
International Ancillary Services	1.902
Address Management Services	6.495
Caller Service	1.312
Credit Card Authentication	0.000
International Business Reply Mail Service	2.601
Money Orders	3.215
Post Office Box Service	0.892
Stamp Fulfillment Service	1.293
<b>Overall</b>	<b>1.458</b>
Source: Library Reference PRC-LR-R2021-1-5, Excel file "R2021-1 Special Services CapCalc.xlsx."	

## 2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-6, 26. The Postal Service made two adjustments to the billing determinants: (1) the addition of three-month Post Office Box Service rental volumes and revenue to the quarterly billing determinants; and (2) the inclusion of additional copy volumes for certain Address Information Systems products in AMS. See *id.* at 26-27. The Postal Service states that the addition of three-month Post Office Box Service rental volumes and revenue to the quarterly billing determinants will improve the Postal Service's price cap-usage calculations. *Id.* at 26. The Postal Service also states that the inclusion of additional copy volumes for certain Address Information Systems

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<sup>40</sup> See Library Reference PRC-LR-R2021-1-5 for entire list of Ancillary Services and their respective price changes.

improves the price cap-usage calculation for the base product price and its effect on the price of additional copies, and captures the impact of any changes made to the factor multiples, which applies to multiple products. *Id.* at 27.

### 3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative asserts that planned price adjustments comply with the requirements of the price cap. See PR Comments at 2. However, the Public Representative states that the Postal Service did not respond to the FY 2019 ACD, which based on the failure of Stamp Fulfillment Services (SFS) to cover costs since its addition to the MCS in FY 2010, stated that the Postal Service should provide an explanation if it proposed a below-average price increase for SFS in the next rate adjustment proceeding.<sup>41</sup>

### 4. Commission Analysis

The Commission finds the Postal Service's planned price adjustments for Special Services comply with the price cap limitations specified in 39 U.S.C. § 3622(d). The Postal Service's planned price adjustment of 1.458 percent is less than the total available authority of 1.465 percent; therefore, the total unused price adjustment authority available for Special Services is 0.007 percent.<sup>42</sup> The Commission accepts the Postal Service's adjustments to the billing determinants as reasonable.

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<sup>41</sup> *Id.* at 12-13 (quoting FY 2019 ACD at 67). The Postal Service provided an explanation in its Response to CHIR No. 6, question 2.

<sup>42</sup> The current annual limitation is 1.458 percent. In addition to the annual limitation, Special Services has 0.007 percent of unused rate adjustment authority available. Therefore, the total pricing authority available for Special Services is 1.465 percent. See Library Reference PRC-LR-R2021-1-5, Excel file "R2021-1 Special Services CapCalc.xlsx."

In its Response to CHIR No. 6, the Postal Service provides its rationale for proposing a below-average increase to SFS prices. Response to CHIR No. 6, question 1. Stating that the COVID-19 pandemic caused a shift in customer purchasing habits away from in-person retail and toward online ordering that has led to a significant increase to SFS volumes, the Postal Service believes that this volume increase may result in SFS revenue exceeding its attributable costs for FY 2021. See *id.*, questions 1-2. Additionally, the Postal Service states that while the pandemic remains ongoing, the below-average price increase for SFS should generate additional revenue while keeping SFS prices low enough to encourage fulfillment through SFS (a remote ordering service, including phone and online options), helping to protect both customers and employees. *Id.*, question 2. The Commission finds that this explanation is reasonable in light of the ongoing pandemic because remote ordering is consistent with the social distancing guidelines. The Commission will continue to monitor the cost coverage of this product because increased volume may not be sufficient to render the product compensatory if average (unit) costs for this product remain higher than the corresponding average (unit) revenue.

### C. Classification Changes

#### 1. Introduction

The Postal Service proposes two types of minor classification changes that affect AMS. See Notice, Attachment A at 102, 106-107.

#### 2. The Postal Service's Position

First, the Postal Service proposes to add language regarding the listings of AMS offerings for which copying is allowed for an additional fee. See *id.* Specifically, the Postal Service proposes to add the phrase “copying is allowed for an additional fee” to “[Domestic Mail Manual] DMM Labeling Lists,” “Official National Zone Charts,” and



“ZIPMove” in MCS § 1515.1. *Id.* at 102. Additionally, the Postal Service proposes to add “DMM Labeling Lists” and “Official National Zone Charts” into the “AMS Price Table for Single Issues or Additional Copies” in MCS § 1515.2. *Id.* at 106-107.

Second, the Postal Service seeks to change the additional copy factor pricing table appearing in Note 11 titled “AMS Price Table for Single Issues or Additional Copies” of MCS § 1515.2.<sup>43</sup> The Postal Service explains that the factor pricing table multiplies the base price of a product by a factor to determine the price for a particular volume of additional copies of that product. Notice at 26. Noting that these factors in this table have not been revised since its introduction, the Postal Service asserts that the proposed changes would reflect the value that additional copies offer to mailers. *Id.*

### 3. Comments

No commenter addresses these planned mail classification changes for AMS.

### 4. Commission Analysis

The additional language proposed for MCS § 1515.1 and 1515.2 would clarify that copying is allowed for an additional fee for the following AMS offerings: DMM Labeling Lists, Official National Zone Charts, and ZIPMove. The proposed charges are reasonable because they ensure that MCS § 1515.1 and 1515.2 are updated to reflect current offerings and correspond with each other. Additionally, the Commission accepts the Postal Service’s explanation for revising the additional copy factor pricing table appearing in Note 11 of MCS § 1515.2 as reasonable.

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<sup>43</sup> Notice at 26; see also Notice, Attachment A at 105-107.

## IX. THE OBJECTIVES AND FACTORS

### A. Introduction

The Commission considers the relevant statutory objectives and factors as applied to the pricing changes proposed in this proceeding. See *Carlson*, 938 F.3d at 343, 345. Determinations of which objectives and factors are relevant, how much weight to apply to particular objectives and factors, and how to balance the objectives and factors on review of a particular price adjustment are committed to the discretion of the Commission. See *id.* at 344. Such determinations vary on a case-by-case basis. See *id.* As a result, in any given case, there is not just one set of price adjustments that is consistent with the objectives and factors, but rather there is a range of acceptable price adjustments that satisfy the objectives and factors.

Applying the objectives and factors to price adjustments is necessarily fact-specific, situation-specific, and generally qualitative in nature.<sup>44</sup> The Commission also observes that some aspects of the objectives and factors are in tension with each other, whereas other aspects may overlap.<sup>45</sup> Therefore, as discussed below, some

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<sup>44</sup> See *Ass'n of Am. Publishers, Inc. v. Governors of U. S. Postal Serv.*, 485 F.2d 768, 774 (D.C. Cir. 1973) ("Like most other factors sheets, whether in statutes, A.L.I. Restatements, or comparable compilations, the factors listed are not analogous to a table of atomic weights, or to the multiplication table. The factors are reminders of relevant considerations, not counters to be placed on scales or weight-watching machines.").

<sup>45</sup> See, e.g., Docket No. RM2017-3, Order on the Findings and Determination of the 39 U.S.C. § 3622 Review, December 1, 2017, at 18, 65-66, 256-57, 260 (Order No. 4257).

pricing proposals at the product-level or rate cell-level<sup>46</sup> may be in tension with particular components of certain objectives and factors; ultimately, the Commission determines that the weight of the balance favors approval of the proposed prices.<sup>47</sup>

The nine objectives are:

- (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.
- (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.

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<sup>46</sup> Each of the market dominant classes consists of multiple products. The term product “means a postal service with a distinct cost or market characteristic for which a rate or rates are, or may reasonably be, applied.” 39 U.S.C. § 102(6). Within each product, there may be multiple rate cells, which refer to each price. Where helpful, this Order also refers to categories, which refer to groups of rate cells, either within a single product or multiple products. By way of example, Periodicals (class) consists of two products (In-County and Outside County). The Outside County product has over a hundred rate cells that provide prices based on numerous criteria such as per pound rates versus per piece rates, presortation level and barcoding, usage of a container (pallet versus sack/tray) versus bundle, induction point or zone, advertising content, and statutory preferences accorded to certain publications such as nonprofit or classroom. See Library Reference PRC-LR-R2021-1-3, Excel file “PRC-CAPCALC-PER-R2021-1.xlsx.”

<sup>47</sup> The Commission’s 10-year review determined that the ratemaking system has not achieved the objectives, taking into account the factors. Order No. 4257 at 275. The Commission does not interpret the discussion in this Order to affect this determination because the systemic flaws identified by the Commission are not cured by this isolated adjustment to prices.

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

39 U.S.C. § 3622(b).

The fourteen factors are:

- (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.

*Id.* § 3622(c).

Below, the Commission summarizes the Postal Service's discussion of its planned pricing design and the comments received, organized by the class and product to which they correspond, to the extent that such a connection is specified. Where relevant and in response to comments, this Order provides analysis of individual rates that demonstrate that the planned price adjustments are consistent with the objectives and factors.

B. The Postal Service's Position

1. First-Class Mail

a. Overall

Overall, the Postal Service contends that the proposed First-Class Mail price adjustments “are a part of the Postal Service’s business strategy of navigating the legacy ratemaking system’s significant constraints by executing price design in steps over multiple years.” Notice at 9. The Postal Service asserts that its First-Class Mail proposals are designed to balance the objectives and factors within and among different products, particularly for Single-Piece Letters/Postcards, Presorted Letters/Postcards, and Flats. See Notice at 9-11; Public Response to CHIR No. 2, question 7; Response to CHIR No. 6, question 1.c.

b. Single-Piece Letters/Postcards

The Postal Service describes a number of its proposals within the Single-Piece Letters/Postcards product.<sup>48</sup> The Postal Service asserts that its proposal to maintain the current price of Stamped Letters at 55 cents and increasing the price of Meter Letters by 1-cent (to 51 cents) is aimed at balancing the effect of rate increases among business mailers and the general public, in furtherance of Objective 4 and Factor 3. See Notice at 10. The Postal Service further asserts that the planned increase would continue to be consistent with Objective 2. See *id.*

Additionally, the Postal Service asserts that its proposal to apply 33.3 percent (5-cent) increases to the additional-ounce price for letters and the non-machinable

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<sup>48</sup> Multiple rate cells, which refer to each price, are assigned to each product. By way of example, individual rate cells such as 1 ounce Single-Piece Machinable Stamped Letters (Stamped Letters) and 1 ounce Single-Piece Machinable Metered Letters (Metered Letters), and others are assigned to the Single-Piece Letters/Postcards product. See Library Reference PRC-LR-R2021-1-1, Excel file “PRC\_CAPCALC-FCM-R2021-1.xlsx.”

surcharge for letters is part of its multi-year pricing strategy. See Public Response to CHIR No. 2, question 7. Specifically, the Postal Service contends that its proposal would “reflect a balance between the Postal Service’s pricing flexibility (Objective 4) – including its discretion to make material and even significant changes year-to-year – and the mailing public’s interest in predictability and stability (Objective 2, Factor 3).” *Id.*

c. Presorted-Piece Letters/Postcards

The Postal Service contends that its proposal to apply a larger-than-average increase to the Presorted Letters/Postcards product follows several consecutive years of below-average increases and is also aimed at balancing the effect of rate increases among business mailers and the general public, in furtherance of Objective 4 and Factor 3. See Notice at 10-11; Response to CHIR No. 6, question 1.c. The Postal Service also asserts that the planned increase would continue to be consistent with Objective 2 based on the historical context. See *id.* The Postal Service further contends that “requiring that Presort increases be below average on a permanent basis, while assigning above-average increases to the other categories permanently, would frustrate Factor 3 and, eventually, Objective 8, and would also vitiate any business judgment on the part of the Postal Service, thus undoing Objective 4.” Response to CHIR No. 6, question 1.c.

With respect to two of the planned workshare discounts for Bulk Letters that were questioned through the comments and CHIR No. 6 (Automation 5-Digit Letters and Nonautomation Presort Letters), the Postal Service states that it “respectfully disagrees” that these workshare discounts are set substantially below their avoided costs. *Id.*, questions 1.a, 1.b.

The Postal Service explains that the planned workshare discount for 5-Digit Automation Letters is unchanged and the resulting passthrough is the result of an adjustment to the avoided costs calculation. *Id.*, question 1.a. The Postal Service avers

that “there is volatility associated with such estimates” and that year-to-year adjustments to the workshare discounts based on these estimates “could compromise price predictability and stability” under Objective 2. *Id.*

The Postal Service contends that the planned workshare discount for 5-Digit Automation Letters is consistent with its policy of offering deeper discounts to automated mailpieces, so as to encourage the entry of automated mailpieces over nonautomated mailpieces. *Id.*, question 1.b. The Postal Service discusses the relationship between this planned workshare discount and the workshare discount proposed for Automation Mixed AADC Letters. *Id.*

d. Flats

Within Flats, the Postal Service asserts that its various increases planned for particular rates cells are necessary to prevent Flats cost coverage from falling below 100 percent, consistent with Objectives 1, 4, 5, and 8, as well as Factors 2, 12, and 14, and 39 U.S.C. § 101(d).<sup>49</sup> The Postal Service states that these planned price increases would continue its “strategy of imposing increases in order to ensure adequate cost coverage.” *Id.* at 11.

2. USPS Marketing Mail

The Postal Service asserts that its planned USPS Marketing Mail rate design reflects the Postal Service’s pricing flexibility and efforts to achieve financial stability, in furtherance of Objectives 4 and 5 and Factor 7, as well as other objectives and factors. Notice at 13. Four products are proposed to receive increases greater than the class average: (1) Flats (3.553 percent); (2) Parcels (16.791 percent); (3) Carrier Route

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<sup>49</sup> See Notice at 9, 11. Based on the context, the Commission interprets the listing of Factor 13 in the Postal Service’s discussion of imposing rate increases to ensure adequate cost coverage to actually implicate Factor 14. See *id.* at 11.



(3.529 percent); and (4) High Density and Saturation Letters (2.373 percent). *Id.* Three products are proposed to receive increases less than the class average: (1) Letters (0.771 percent); (2) High Density and Saturation Flats/Parcels (0.989 percent); and (3) Every Door Direct Mail—Retail (0.524 percent). *Id.* The Postal Service states that the above-average price increases for Flats, Parcels, and Carrier Route are intended to comply with directives and recommendations from the Commission's FY 2019 ACD.<sup>50</sup> The below-average price increase proposed for Letters follows the above-average increase applied to this product in Docket No. R2020-1, which the Postal Service asserts is consistent with a multi-year pricing strategy to achieve rate predictability and stability and to balance the effect of rate increases, as provided by Objective 2 and Factor 3. See Notice at 13.

In addition, the Postal Service asserts that it is proposing contrasting price changes intended to incentivize greater presortation and drop-shipment by mailers in furtherance of Objective 1, as well as Factors 5, 7, and 12. *Id.* at 13-14. The Postal Service explains that this pricing strategy is exemplified by proposed price differentiation between products, such as proposing to continue its Docket No. R2020-1 pricing strategy to apply a below-average increase for the High Density and Saturation Flats/Parcels product compared to a significantly above-average increase for the regular Flats and Parcels products. *Id.* at 14. The Postal Service also describes examples of its proposed price differentiation for categories within particular products: proposing to maintain existing prices for the High Density Plus categories and increasing the regular High Density categories within the High Density and Saturation Letters as well as the High Density and Saturation Flats/Parcels products; and proposing to apply relatively larger increases for the least presorted and least dropshipped price categories within the Flats product. *Id.*

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<sup>50</sup> *Id.* at 13 n.16 (citing FY 2019 ACD at 43 (Flats), 46 (Parcels), 52 (Carrier Route)).

Detached Address Labels (DALs) and Detached Marketing Labels (DMLs) for Saturation Flats within the High Density and Saturation Flats/Parcels product are proposed to receive 20 percent and 22 percent increases, respectively. *Id.* at 14 n.18. The Postal Service states that these increases are well within the range of past increases. *Id.* It asserts that these increases reflect increased value to mailers for DMLs, as opposed to DALs, and are designed to further financial stability, while demonstrating consideration for the value of the mail service actually provided, the effect of rate increases, and the relative value of the mail, consistent with Objective 5 as well as Factors 1, 3, and 8. See Notice at 14. The Postal Service observes that notwithstanding the magnitude of the proposed increases for DALs and DMLs, the overall increase for High Density and Saturation Flats/Parcels is only 0.989 percent, or slightly more than half of the average increase for the USPS Marketing Mail class overall. *Id.*

Despite having complied with the Commission's FY 2019 pricing directives and recommendations for the Flats, Parcels, and Carrier Route products, the Postal Service nevertheless states that "an absolute rate-rebalancing mandate privileges the allocative-efficiency aspect of Objective 1 and Factor 2 at the expense of Objectives 4 and 5, and also impedes Objective 2 and Factor 7." *Id.* at 13 n.17.

### 3. Periodicals

The Postal Service states that it is unable to raise Periodicals revenue above attributable costs due to the lack of adequate pricing flexibility at the class level, which the Postal Service asserts undercuts Objective 4 and Factor 7. Notice at 17. The Postal Service cites Objective 5 and Factor 2 to justify above-average increases for trays and sacks, which are intended to boost cost coverage. *Id.* The Postal Service also cites Objective 1, Factors 5, 7, and 12 to justify the separation of sack and tray prices and higher price increases for bundles, which are intended to encourage more efficient mail preparation. *Id.* Citing Objective 1, Factors 5, 7, and 12, the Postal

Service proposes increasing the price differential between basic Carrier Route and Machinable Automation 5-Digit Flats to encourage the preparation of Carrier Route mailpieces. *Id.* The Postal Service cites Objectives 1 and 8, and Factor 1 to justify its proposal of increasing piece prices to bring all workshare discount passthroughs down to 100 percent or below. *Id.* at 18.

In addition, the Postal Service asserts that the statutory objectives and factors do not require a floor on workshare passthroughs. *Id.* at 19-20. The Postal Service states that any consideration of below-100-percent passthrough ratios in this proposed price adjustment should “acknowledge the overriding importance of financial stability and allocative efficiency when a product is underwater.” *Id.* at 23. The Postal Service suggests that concern about the productive efficiency of workshare passthroughs should be balanced against the allocative efficiency concerns arising from the product’s underwater product status, as well as the underwater product’s role in the Postal Service’s overall financial instability. *Id.* at 19.

#### 4. Package Services

Three out of the four products in the Package Services class—Alaska Bypass Service, BPM Flats, and BPM Parcels—are set to receive increases which are less than the class average, while only one product—Media Mail/Library Mail—is set to receive an increase that is greater than the class average. *Id.* at 24. The Postal Service asserts that the above-average price increase proposed for Media Mail/Library Mail is intended to increase this product’s cost coverage, consistent with Objectives 1, 5, and 8, as well as Factors 2 and 14.<sup>51</sup> The Postal Service asserts that “[e]ven after these increases, however, Media Mail and Library Mail [mail]pieces will still be priced below other ground

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<sup>51</sup> See *id.* Based on the context, the Commission interprets the listing of Factor 13 in the Postal Service’s discussion of imposing rate increases to ensure adequate cost coverage to actually implicate Factor 14. See *id.*

parcel products, which reflects the Postal Service's consideration for their educational, cultural, scientific, and informational value[,]" consistent with Factor 11. *Id.* The Postal Service also states that it is balancing the above-average increase for Media Mail/Library Mail with the fact that it is not proposing any adjustment to the prices for BPM Flats and Parcels, consistent with Objective 4. *Id.* The Postal Service states that it is proposing a nearly class average increase for Alaska Bypass Service. *Id.*

## 5. Special Services

The Postal Service discusses its planned prices for USPS Tracking for USPS Marketing Mail Parcels, AMS, AIS Viewer, ZIP Move, AIS Unlimited License, and Computerized Delivery Sequence (CDS). *Id.* at 25-26.

With regard to USPS Tracking for USPS Marketing Mail Parcels, the Postal Service proposes a 10 percent increase to the rate, from \$0.200 to \$0.220. *Id.* at 25. The Postal Service asserts that "the overall effect on customers will not be outsized or overly burdensome; nor is it expected to discourage mail volume." *Id.* The Postal Service states that the planned increase balances Objectives 4, 5, and 8, as well as Factors 3 and 7. *Id.* at 25-26.

With regard to AMS, the Postal Service proposes a 6.493 percent increase, which it explains as being largely a result of changes to the additional copy factor pricing table. *Id.* at 26. The Postal Service states that the factors in this table have not been revised since its introduction and asserts that the proposed changes to these factors reflect the value offered to mailers, consistent with Factors 1 and 8. *Id.*

For the other services discussed in the Notice, the Postal Service proposes to increase: AIS Viewer by 5.2 percent, ZIP Move by 8.3 percent, AIS Unlimited License by 10.0 percent, and CDS by 8.3 percent. *Id.* The Postal Service asserts that its proposed exercise of pricing flexibility helps to promote financial stability and to maintain a just and reasonable schedule for rates and classifications, consistent with Objectives

4, 5, and 8, as well as Factor 7. *Id.* Additionally, the Postal Services asserts that the planned price adjustments reflect the relative value and desirability of the various services to customers, consistent with Factors 1 and 8. *Id.*

C. Comments

1. First-Class Mail

a. Overall

GCA, NAPM, NPPC, Pitney Bowes, PostCom, and the Public Representative commented on the Postal Service's proposal for First-Class Mail. See GCA Comments at 1-2; NAPM Comments at 1-5, 7; NPPC Comments at 1-16; Pitney Bowes Comments at 1-5; PostCom Comments at 1-5; PR Comments at 4-6.

b. Single-Piece Letters/Postcards

GCA, Pitney Bowes, PostCom, and the Public Representative commented on the proposed price increases for Single-Piece Letters and Postcards. GCA Comments at 1-2; Pitney Bowes Comments at 4-5; PostCom Comments at 1-3; PR Comments at 4-6.

GCA commends the Postal Service's proposal not to increase Stamped Letters, asserting that "the general public will benefit from this stability in the cost of a greeting card or letter" and that the decision not to increase this price "definitely promotes" Objective 2. GCA Comments at 1. GCA questions whether charging higher prices for Single-Piece Letters/Postcards that are heavier than 2 ounces (such as a greeting card or invitation) compared to Presorted Letters/Postcards with corresponding weights would implicate Objective 8. See *id.* at 1-2. GCA also expresses support for the proposal to increase Metered Letters and suggests that the Postal Service continue to shrink the differential between Metered Letters and Stamped Letters in the future. *Id.* at 2.

Pitney Bowes “urges the Postal Service to restore the five cent price differential between Stamped and Metered Letters in future price adjustments.” Pitney Bowes Comments at 5. Pitney Bowes “recognizes that the rate design involves balancing multiple objectives” but contends that “a larger price differential for Metered Letters will help encourage small and medium-sized mailers to use Postal Service products to grow their business.” *Id.* at 4.

PostCom criticizes the Postal Service’s position that compliance with § 3622’s objectives and factors should be evaluated in the context of a multi-year business strategy. See PostCom Comments at 1-3. Recognizing that multiple objectives and factors must be considered, PostCom asserts that “it is difficult to divine a coherent strategic purpose” behind past adjustments to Stamped Letters. *Id.* at 2. PostCom specifically highlights the planned 5-cent increase to the additional ounce letter rate. *Id.* PostCom also contends that “the Postal Service should strive to price individual products within a class according to the costs associated with those products and the market demand for those products,” which it states are “unlikely to change radically from year to year.” *Id.* In PostCom’s view “[t]here is certainly no reason to think that a particular product would receive an above average increase in any particular year solely because it received a below average increase in prior years.” *Id.* PostCom also asserts that “while it is certainly reasonable for the Postal Service to develop and execute a multi-year pricing strategy, neither the statute nor the Commission’s regulations allow for evaluation of rates over a multi-year period.” *Id.* at 3.

After review of the explanations provided by the Postal Service, the Public Representative asserts that the Postal Service has provided sufficient specific analysis of its proposals to distribute available pricing authority across business mail users of First-Class Mail. See PR Comments at 4-5. He contends that the Postal Service’s overall proposal for First-Class Mail, including Single-Piece Letters/Postcards, would be

within the range of prices that are consistent with the objectives and properly take into account the factors. See *id.* at 6.

c. Presorted Letters/Postcards

NAPM, NPPC, Pitney Bowes, and the Public Representative commented on the proposed price increases for Presorted Letters and Postcards. NAPM Comments at 1-5, 7; NPPC Comments at 1-16; Pitney Bowes Comments at 1-4; PR Comments at 4-6.

NAPM urges the Postal Service to “articulate a clear long term pricing strategy consistent with the Objectives and Factors” asserting that doing so would better allow “mailers and suppliers to the mailing industry [to] plan accordingly in terms of their investment in software, hardware, equipment, personnel, and other expenses.” NAPM Comments at 6-7. NAPM expresses concern with the planned First-Class Mail workshare discounts that are set below their avoided costs, particularly Automation 5-Digit Letters. *Id.* at 1-5. NAPM asserts that such pricing proposals may “enhance the attractiveness of electronic alternatives and increase the incentive for mailers to shift to them, putting Postal Service volumes and revenues further at risk.” *Id.* at 3.

NPPC asserts that the proposed Presorted Letters and Postcards price adjustments would violate Objective 1, as well as Factors 5 and 12 because “[a]bove-average rate increases for Presort Letters do not maximize the incentives to reduce costs and increase efficiency.” NPPC Comments at 9. NPPC contends that these proposed price adjustments would also violate Objective 5 because “[a]bove-average rate increases on comparatively most price sensitive mail in a product is not likely to advance the financial stability of the Postal Service.” *Id.* at 11. NPPC also asserts that the proposed First-Class Mail workshare discounts are “inefficient and unjustified.” NPPC Comments at 11. NPPC observes that the Postal Service did not provide an explanation in the Notice for its planned workshare discounts for 5-Digit Automation Letters and Nonautomation Presort Letters, which produce a passthrough of 78.9

percent and 65.8 percent, respectively.<sup>52</sup> NPPC urges the Commission to reject these proposed rates. See NPPC Comments at 14.

Pitney Bowes observes that the Postal Service did not provide an explanation in the Notice for its planned workshare discount for 5-Digit Automation Letters, which produces a passthrough of 78.9 percent.<sup>53</sup> Pitney Bowes further notes that this planned workshare discount would not comply with the workshare discount rules proposed by the Commission in pending Docket No. RM2017-3, and asserts that this reinforces the need for the Commission to adopt its proposal. See Pitney Bowes Comments at 2-4.

After review of the explanations provided by the Postal Service, the Public Representative asserts that the Postal Service has provided sufficient specific analysis of its proposals to distribute available pricing authority across business mail users of First-Class Mail. See PR Comments at 4-5. He contends that the Postal Service's overall proposal for First-Class Mail, including Presorted Letters/Postcards, would be within the range of prices that are consistent with the objectives and properly take into account the factors. See *id.* at 6.

d. Flats

The Public Representative is the only commenter who addressed the proposed price adjustments for Flats. PR Comments at 4, 6. After review of the explanations provided by the Postal Service, he asserts that the Postal Service's proposal, including Flats, would be within the range of prices that are consistent with the objectives and properly take into account the factors. See *id.* at 6.

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<sup>52</sup> See *id.* at 13-14. The Postal Service provided explanations in its Response to CHIR No. 6, questions 1.a., 1.b.

<sup>53</sup> Pitney Bowes Comments at 3. The Postal Service provided an explanation in its Response to CHIR No. 6, question 1.a.



## 2. USPS Marketing Mail

ACMA, NAPM, PostCom, and the Public Representative discuss the Postal Service's proposal for USPS Marketing Mail.<sup>54</sup>

ACMA contends that the Commission's pricing directives and recommendations for Flats and Carrier Route are misguided. ACMA Comments at 1. Specifically, ACMA states that "this approach to addressing the 'underwater' status of catalog products is dead wrong and counter-productive[.]" because "Flats have a cost problem, not a pricing problem . . . ." *Id.* at 1-2. ACMA asserts that for over 20 years increases in costs for Flats and Carrier Route have significantly outpaced inflation. *Id.* at 2. ACMA states that given the elasticity of demand for catalogs, the price increases proposed by the Postal Service for Flats and Carrier Route will lead to volume declines. *Id.* at 3. Moreover, ACMA states that given the rate at which costs for these products are increasing, not even the price increases proposed by the Postal Service will fully rectify their cost coverage issues. *Id.* ACMA notes that the Postal Service and a working group of mailers have been working on efforts to reduce the Postal Service's costs to handle and process flat-shaped mailpieces, and they assert that there are "clear indicators" that progress might be possible in 2021. *Id.* ACMA suggests that waiting to see what, if any, progress this group can make would be more prudent than the price increases proposed by the Postal Service. *See id.*

NAPM argues that the Postal Service's proposal imposes higher effective prices on some of its most efficient mailing products by reducing workshare discounts, which constitutes a failure to maximize pricing and operational efficiency that only serves to enhance the attractiveness of electronic alternatives to mailers. NAPM Comments at 3.

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<sup>54</sup> See ACMA Comments at 1-4; NAPM Comments at 3-6; PostCom Comments at 4; PR Comments at 6-9, 14, 20. PostCom's discussion regarding the Postal Service's realignment of the workshare discounts in the USPS Marketing Mail class that were previously set in excess of their avoided costs is addressed in Section V.C., *supra*.

NAPM argues that reducing passthroughs for efficient mail categories can drive mailers to presort and dropship mail in a less efficient manner, which both increases processing and delivery costs for the Postal Service and negatively impacts service performance.

*Id.* By way of example, NAPM shows that although the avoided cost associated with the workshare discount for USPS Marketing Mail 5-Digit Automation Letters increased by \$0.02 from Docket No. R2020-1 to the present, the discount proposed by the Postal Service in this proceeding only increases by \$0.01. *Id.* at 3-4, 5. As a result, the passthrough is further from 100 percent than it was previously. *Id.*

Similarly, NAPM also argues that the differences between prices for presort levels and entry facility types as proposed do not encourage the most efficient processing and entry of mail. *Id.* at 5. NAPM cites as an example the reduction in dropship discounts for USPS Marketing Mail letters at the DSCF entry level, arguing that this incentivizes mailers to move their volume to the DNDC or Origin entry levels, which would increase the Postal Service's costs associated with transportation and mail processing. *Id.*

NAPM also asserts that the lack of a consistent and articulated long-term pricing strategy by the Postal Service precludes mailers from being able to make corresponding investment decisions that, over time, could serve to reduce the Postal Service's costs and increase its efficiency. *Id.* at 5-6. NAPM notes that service performance is often a significant factor in mailers' decisions as to entry level, due to the fact that service performance is typically better at deeper entry levels. *Id.* at 6. NAPM cautions that without adequate discounts to incentivize entry at these levels mailers will eventually be forced to enter mail further upstream. *Id.* NAPM "encourages the [Postal Service] to perform a thorough analysis to identify the optimal entry type for each mail processing category and presort level, then review the price relationships that would drive the desired entry behaviors[,] including not just the absolute price but the relationships between prices." *Id.*

PostCom asserts that the Postal Service's proposal for USPS Marketing Mail masks a considerable amount of variation in price adjustments for various categories. PostCom Comments at 4. PostCom observes, for example, that rates for High Density sectional center facility (SCF) Letters are proposed to increase by 5.4 percent, which is more than the proposed increase for Flats, while Saturation Letters are not proposed to receive any increase. *Id.* With regard to the below-average increase proposed for Letters, which the Postal Service states follows a rate cycle in which the product received an above-average increase, PostCom asserts that "[v]ariation within a class should be driven by elasticity, demand, market factors, and the like—not randomly assigned so that some prices increase, some decrease, and each product gets about the same increase over some indefinite multi-year horizon." *Id.* PostCom notes that the PAEA does not require explicit multi-year balancing of increases among products. *Id.*

After review of the explanations provided by the Postal Service, the Public Representative asserts that the Postal Service's proposal for USPS Marketing Mail would be within the range of prices that are consistent with the objectives and properly take into account the factors. PR Comments at 9. However, he notes that out of 51 total workshare discounts in the USPS Marketing Mail class, 41 would have workshare discounts set below their avoided costs, 18 of which would produce passthroughs of less than 85 percent. See *id.* at 14, Table 1.

With regard to the Postal Service's argument that the Commission's FY 2019 directives and recommendations privilege allocative efficiency with respect to product pricing at the expense of pricing flexibility and overall financial stability, the Public Representative states that "[t]his may be the case, but sometimes one or more Objectives and Factors must outweigh others in order to ensure that, in the longer-run multiyear period, Objectives and Factors are fully weighed and balanced appropriately." PR Comments at 20. To that end, "[t]he Commission must overweight (or underweight) the scales to correct these existing imbalances, particularly those that continue to

persist with pernicious effect such as where certain [USPS] Marketing Mail product rates consistently fail to recover significant attributable costs.” *Id.*

### 3. Periodicals

MPA, PostCom, and the Public Representative discuss the Postal Service’s proposal for Periodicals. See MPA Comments at 1-2; PostCom Comments at 3; PR Comments at 9-10, 15.

MPA objects to the Postal Service’s statements regarding passthroughs for underwater products, explaining that this proceeding is not an appropriate venue for the arguments and that the Postal Service’s reasoning is fatally flawed. MPA Comments at 2. MPA recommends that the Commission continue to encourage the Postal Service to move workshare passthroughs toward 100 percent. *Id.*

PostCom states that the rate increases within Periodicals appear to encourage efficient preparation by applying larger increases to less efficient containers. PostCom Comments at 3. PostCom states that the Postal Service actively discourages efficiency by refusing to increase workshare passthroughs that are far below 100 percent of avoided costs. *Id.*

After review of the explanations provided by the Postal Service, the Public Representative asserts that the Postal Service’s proposal for Periodicals would be within the range of prices that are consistent with the objectives and properly take into account the factors. PR Comments at 10. However, he states that passthroughs for underwater products should be examined on a case-by-case basis, with the Postal Service allowed to support its discount passthroughs with a more detailed explanation of the balancing of objectives in light of the economics surrounding underwater products. *Id.* at 15.

#### 4. Package Services

The Public Representative is the only commenter who addressed the Postal Service's proposal for Package Services. PR Comments at 10-11. After review of the explanations provided by the Postal Service, he asserts that the Postal Service's proposal would be within the range of prices that are consistent with the objectives and properly take into account the factors. *See id.* at 11.

#### 5. Special Services

The Public Representative is the only commenter who addressed the Postal Service's proposal for Special Services. PR Comments at 11-13. He observes that the FY 2019 ACD stated that "[if] the Postal Service proposes a below-average price increase [to SFS] in its next Market Dominant price increase, it should explain its rationale" and that the Notice did not contain an explanation.<sup>55</sup> Aside from this omission, he asserts that the Postal Service's proposal would be within the range of prices that are consistent with the objectives and properly take into account the factors. *See id.* at 13.

#### D. Scope of Commission Review

Before addressing each statutory objective and factor, the Commission provides context for the scope of the Commission's review *vis-à-vis* other proceedings: pending Docket No. RM2017-3 (also referred to as the 10-year review) and prior rate adjustments such as Docket Nos. R2019-1 and R2020-1. For Docket No. R2021-1, the Postal Service's planned adjustments are governed by the existing ratemaking system, and therefore are reviewed under that framework.

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<sup>55</sup> *Id.* at 12-13 (quoting FY 2019 ACD at 67). The Postal Service provided an explanation in its Response to CHIR No. 6, question 2.

First, some of the comments received are aimed at the requirements of the existing ratemaking system, which are pending in Docket No. RM2017-3. These remarks include the participants' positions on the Postal Service's financial stability and the pricing constraints imposed by the existing ratemaking system;<sup>56</sup> as well as the application of two principles of pricing efficiency: (1) Efficient Component Pricing (ECP); and (2) allocative efficiency.<sup>57</sup> Where relevant and helpful to respond to issues raised by commenters and the Postal Service, the Commission observes that the modifications proposed in Order No. 5337 would affect future proceedings on a systemic level, particularly with respect to Postal Service proposals to set workshare discounts below their avoided costs, as discussed below in Section IX.E.1., *infra*.

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<sup>56</sup> See Notice at 1-2 (describing the Postal Service's position on its financial stability and the pricing constraints imposed by the existing ratemaking system); MPA Comments at 1-2 (citing Docket No. RM2017-3, Supplemental Comments of MPA – the Association of Magazine Media, the Alliance of Nonprofit Mailers, and the Association for Postal Commerce, July 2, 2020, at 4-7); see also Docket No. RM2017-3, Initial Comments of the United States Postal Service in Response to Order No. 5337, February 3, 2020, at 1-2 (Docket No. RM2017-3 Postal Service Comments) (describing the Postal Service's position on its financial stability and the pricing constraints imposed by the existing ratemaking system).

<sup>57</sup> See, e.g., Notice at 18-23 (describing the Postal Service's position on the application of these principles to Periodicals); MPA Comments at 2-4 (asserting that this proceeding is not the appropriate venue to litigate the Postal Service's position and that workshare discounts for Periodicals should be set closer to ECP); PostCom Comments at 3-4 (asserting that workshare discounts for Periodicals should be set closer to ECP); PR Comments at 15 (suggesting to examine the Postal Service's justifications for proposals to set workshare discounts below their avoided costs for non-compensatory products on a case-by-case basis); see also Docket No. RM2017-3 Postal Service Comments at 48 (describing the Postal Service's position on workshare discounts that are below their avoided costs with respect to non-compensatory products).

Prices are most efficient when workshare discounts are set equal to avoided costs in accordance with the principles of ECP, and the Commission concluded that the Postal Service failed to set most workshare discounts in accordance with ECP during the 10 years following the enactment of the PAEA. See Order No. 4257 at 131, 136-138; see also Order No. 5337 at 175.

"Prices that adhere to the principles of allocative efficiency are set at or above marginal (or in the Postal Service's case, attributable) costs, meaning they would have a cost coverage of 100 percent or greater." Order No. 4257 at 139-140 (internal footnotes omitted). The Commission concluded prices for multiple products during the 10 years following the enactment of the PAEA did not cover costs and as a result were not priced in accordance with the principles of allocative efficiency. *Id.* at 141.

With regard to the more general assertions that proposing to apply different price adjustments in Docket No. R2021-1 would undermine the rationales provided in prior rate adjustments (see NPPC Comments at 3-11), it is important to reiterate that the objectives and factors allow for a range of acceptable prices. See Order No. 5373 at 30; Order No. 5321 at 45-46. Moreover, considering the competing priorities encapsulated in the nine objectives and fourteen factors would naturally result in varying adjustments from year-to-year. As the Commission has previously observed “the operation of the annual limitation at the class level necessarily means that the Postal Service must, in order to propose any set of prices that does not have each product moving lock step with changes to inflation, vary the size of increases among products within each class.” Order No. 5373 at 38; Order No. 5321 at 62. In any event, the objectives and factors do not preclude the Postal Service from rebalancing the impact of prior price adjustments under a class-based price cap on a multi-year basis (such as by smoothing out the overall impact on users over multiple years by cycling rate adjustments: applying a higher-than-average increase in one rate docket and a lower-than-average increase in a subsequent docket, and *vice versa*). Such pricing flexibility is permitted so long as the proposal demonstrates rational consideration of the objectives and factors overall. As described below, the prices proposed in Docket No. R2021-1 are consistent with the objectives and factors.

#### E. Commission Analysis of the Objectives

As described below, the planned price adjustments are consistent with the objectives appearing in 39 U.S.C. § 3622(b).

##### 1. Objective 1

The Commission considers the applicability of the planned price adjustments to “maximiz[ing] incentives to reduce costs and increas[ing] efficiency,” as provided by Objective 1. 39 U.S.C. § 3622(b)(1).

Generally, the planned workshare discounts for First-Class Mail, USPS Marketing Mail, Periodicals, and Package Services demonstrate progress in increasing pricing efficiency, a component of Objective 1, by improving adherence to the principle of ECP. In accordance with the principle of ECP, prices are most efficient when workshare discounts are set equal to avoided costs. See Order No. 4257 at 131. The Commission acknowledges the Postal Service's progress in phasing out inefficient pricing practices and encourages the Postal Service to continue its efforts. In particular, the Commission commends the Postal Service for its continued progress in re-aligning the workshare discounts that exceeded avoided costs; in Docket No R2021-1, the Postal Service does not propose to set any workshare discount above its avoided cost.

Five commenters support fuller recognition of avoided costs (increasing workshare discounts to pass through as near to 100 percent of avoided costs as practicable and providing more robust explanations for not doing so), which echoes their positions and suggestions provided in Docket No. RM2017-3.<sup>58</sup> These commenters generally support the Commission's proposal to strengthen its regulations concerning workshare discounts that the Postal Service proposes to set below avoided costs.<sup>59</sup>

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<sup>58</sup> Compare NAPM Comments at 2-6 (asserting that workshare discounts for First-Class Mail and USPS Marketing Mail should be set closer to ECP); NPPC Comments at 11-14 (asserting that workshare discounts for First-Class Mail should be set closer to ECP); Pitney Bowes Comments at 1-4 (asserting that workshare discounts for First-Class Mail should be set closer to ECP); MPA Comments at 2-4 (asserting that workshare discounts for Periodicals should be set closer to ECP); PostCom Comments at 3-4 (asserting that workshare discounts for Periodicals should be set closer to ECP); *with* Docket No. RM2017-3, Comments of the National Postal Policy Council, the Major Mailers Association, the National Association of Presort Mailers, and the Association for Mail Electronic Enhancement, February 3, 2020, at 15-19 (Docket No. RM2017-3 NPPC and NAPM *et al.* Comments); Docket No. RM2017-3, Comments of Pitney Bowes Inc., February 3, 2020, at 2-7 (Docket No. RM2017-3 Pitney Bowes Comments); Docket No. RM2017-3, Reply Comments of the Alliance of Nonprofit Mailers, the Association for Postal Commerce, MPA - the Association of Magazine Media, the American Catalog Mailers Association, the Direct Marketing Association of Washington, the Nonprofit Alliance, the Envelope Manufacturers Association, the Saturation Mailers Coalition, and the Continuity Shippers Association, March 4, 2020, at 29 (Docket No. RM2017-3 PostCom and MPA *et al.* Reply Comments).

<sup>59</sup> See NPPC Comments at 12; Docket No. RM2017-3 NPPC and NAPM *et al.* Comments at 15-19; Pitney Bowes Comments at 1-4; Docket No. RM2017-3 Pitney Bowes Comments at 2-7; Docket No. RM2017-3 PostCom and MPA *et al.* Reply Comments at 29.



Docket No. RM2017-3 remains pending and the suggestions proposed by these commenters regarding the Commission's proposal, along with other comments in that proceeding, are being considered by the Commission. For Docket No. R2021-1, the Postal Service's planned adjustments are governed by the existing system, and therefore are reviewed accordingly.

While the PAEA does not expressly prohibit workshare discounts set below their avoided costs, the Commission reiterates that workshare discounts set below avoided costs send inefficient price signals, which can undermine the Postal Service's operational efficiency and increase its costs. See, e.g., Order No. 4257 at 216-219. The Postal Service provided explanations for proposing to set particular workshare discounts, which were questioned by the commenters, below their avoided costs. See Response to CHIR No. 6, questions 1.a, 1.b. Consistent with the Commission's existing rules and past analysis of workshare discounts set below their avoided costs, the Commission encourages the Postal Service to increase the pricing efficiency of these and all other workshare categories in future price adjustments by setting workshare discounts as close as possible to their avoided costs.

With respect to First-Class Mail, out of the twelve workshare discounts that the Postal Service proposes in this proceeding, seven are closer than their baseline discounts to their avoided costs,<sup>60</sup> and thereby improve pricing efficiency. NPPC disfavors one of these proposals, Bulk Letters—Nonautomation Presort Letters, which produces a passthrough of 65.8 percent. See NPPC Comments at 13. The Commission acknowledges that the Postal Service's proposal would raise this planned

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<sup>60</sup> These seven workshare discounts are: (1) Single-Piece Letters—Qualified Business Reply Mail; (2) Single-Piece Postcards—Qualified Business Reply Mail; (3) Bulk Letters—Automation AADC Letters; (4) Bulk Letters—Nonautomation Presort Letters; (5) Flats—Automation ADC Flats; (6) Flats—Automation 3-Digit; and (7) Flats—Automation 5-Digit.

The baseline discounts are the workshare discounts set in the previous rate adjustment (Docket R2020-1). See Docket R2020-1, Library Reference PRC-LR-R2020-1-1, Excel file "PRC-CAPCALC-FCM-R2020-1.xlsx," tab "FCM Worksharing."

workshare discount by \$0.010, and therefore increase the existing passthrough of 52.6 percent. Additionally, the Commission acknowledges that the Postal Service proposes to set each of these seven workshare discounts at least 20 percent higher than their baseline discount and/or so as to produce a passthrough of at least 85 percent, which would fully comply with the proposal pending in Docket No. RM2017-3. See Order No. 5337 at 207. The Commission commends the Postal Service for making this progress toward ECP for the majority of the workshare discounts for First-Class Mail. The Commission encourages the Postal Service to continue this progress in future rate adjustments.

For three planned First-Class Mail workshare discounts, the Postal Service proposes no change to the workshare discount, thus maintaining the *status quo*.<sup>61</sup> Consistent with the Commission's existing rules and past analysis of workshare discounts set below their avoided costs, the Postal Service is not prohibited from doing so. Two of these planned workshare discounts: (1) Bulk Cards—Automation AADC Cards; and (2) Bulk Cards—Automation 5-Digit Cards would each produce passthroughs of at least 85 percent, and therefore comply with the proposal pending in Docket No. RM2017-3. See Order No. 5337 at 207. For the third workshare discount, multiple commenters disfavor the Postal Service's proposal to maintain the Bulk Letters—Automation 5-Digit Letters workshare discount at \$0.030, thereby producing a passthrough of 78.9 percent. See NPPC Comments at 2, 4, 8, 11-14; see also NAPM Comments at 3-4; Pitney Bowes Comments at 2-4. Systemic changes that would limit the Postal Service's ability to propose workshare discounts that would produce a passthrough below 85 percent are pending consideration in Docket No. RM2017-3. See Order No. 5337 at 207.

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<sup>61</sup> These three workshare discounts are: (1) Bulk Letters—Automation 5-Digit Letters; (2) Bulk Cards—Automation AADC Cards; and (3) Bulk Cards—Automation 5-Digit Cards.

For the remaining two planned First-Class Mail workshare discounts: (1) Bulk Letters—Automated Mixed AADC Letters; and (2) Bulk Cards—Automation Mixed AADC Cards, the Postal Service proposes to lower workshare discounts that are already below their avoided costs by \$0.001. Consistent with the Commission's existing rules and past analysis of workshare discounts set below their avoided costs, the Postal Service is not prohibited from making these changes; therefore, the Commission accepts the Postal Service's proposed reduction of these workshare discounts in this particular price adjustment. Systemic changes that would prohibit the Postal Service from proposing to lower a workshare discount that is already below its avoided cost remain pending in Docket No. RM2017-3. See Order No. 5337 at 206-207.

With respect to USPS Marketing Mail, under the prices proposed by the Postal Service all excessive workshare discounts have been realigned, consistent with 39 U.S.C. § 3622(e)(2). This is a significant improvement—in the most recent ACD, 10 workshare discounts within the USPS Marketing Mail class exceeded their avoided cost, and in the ACD before that the number was 14. See FY 2019 ACD at 16; FY 2018 ACD at 22. The Commission commends the Postal Service for aligning these discounts with their avoided costs, which sends the most efficient pricing signals to the postal marketplace.

NAPM references the planned USPS Marketing Mail workshare discount for 5-Digit Automation Letters, as well as workshare discounts generally for letters at the DSCF entry level. NAPM Comments at 3-4, 5. The planned 5-Digit Automation Letters workshare discount of \$0.026 is closer to its current avoided cost of \$0.029 than the baseline workshare discount of \$0.025, resulting in an improvement in the passthrough

from 86.2 percent to 89.7 percent.<sup>62</sup> The Commission encourages the Postal Service to continue this progress at increasing pricing efficiency in future price adjustments. The planned DSCF Letters workshare discount of \$0.024 is set equal to its current avoided cost, which adheres to ECP principles.<sup>63</sup> Further, the Commission acknowledges that both of the Postal Service's proposals would fully comply with the proposal pending in Docket No. RM2017-3. See Order No. 5337 at 207.

NAPM encourages the Postal Service to articulate a long-term pricing strategy with regard to workshare discounts that includes performing an analysis to identify the price relationships that would drive desired entry behaviors. NAPM Comments at 6. The Commission concurs that mailers need to make long-term investments in order to change their workshare behavior. Long-term guidance on the direction of pricing relationships would remove some of the risk associated with these long-term investments. It would be useful for the Postal Service to conduct such an analysis, and the Commission encourages it to do so.

With respect to Periodicals, the Commission has repeatedly explained that inefficient pricing signals may contribute to Periodicals revenues not covering costs if the price does not incentivize mailers to prepare Periodicals mailings efficiently. See,

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<sup>62</sup> Compare Library Reference PRC-LR-R2021-1-2, Excel file "PRC-CAPCALC-MM-R2021-1.xlsx" with Docket R2020-1, Library Reference PRC-LR-R2020-1/2, November 22, 2019, Excel file "PRC-CAPCALC-USPSMM-R2020-1.xlsx." The baseline discount is the workshare discount set in the previous rate adjustment (Docket R2020-1). See Docket R2020-1, Library Reference PRC-LR-R2020-1/2, Excel file "PRC-CAPCALC-USPSMM-R2020-1.xlsx." In Docket No. R2020-1, the avoided cost for this worksharing category was \$0.027; therefore, the passthrough was 92.6 percent. See *id.*

<sup>63</sup> In Docket No. R2020-1, this workshare discount exceeded its avoided cost. Compare Library Reference PRC-LR-R2021-1-2, Excel file "PRC-CAPCALC-MM-R2021-1.xlsx" with Docket R2020-1, Library Reference PRC-LR-R2020-1/2, Excel file "PRC-CAPCALC-USPSMM-R2020-1.xlsx." In Docket No. R2020-1, the workshare discount was set at \$0.026 and the avoided cost was \$0.023; therefore, the passthrough was 113.0 percent. See *id.*

e.g., FY 2019 ACD at 31. The Commission has stated that prices that yield passthroughs closer to 100 percent would promote further pricing efficiency. *Id.*

The Postal Service suggests that the Commission balance concerns about the productive efficiency of workshare passthroughs against allocative efficiency concerns due to the non-compensatory status of Periodicals and its role in the Postal Service's overall financial stability. See Notice at 18-23. The Commission will not address the merits of this discussion because the issue is pending before the Commission in Docket No. RM2017-3.<sup>64</sup> For the purpose of this proceeding, and under the rules in effect at the filing of the planned price adjustments, the Commission finds that the proposed price adjustments reflect progress toward increasing price efficiency as provided by Objective 1.

With respect to Package Services, the Postal Service has demonstrated progress in proposing to set all four workshare discounts for Media Mail/Library Mail closer to their avoided costs, thereby moving toward ECP.<sup>65</sup>

Therefore, the planned workshare discounts for First-Class Mail, USPS Marketing Mail, Periodicals, and Package Services demonstrate that the Postal Service is continuing to make progress in aligning workshare discounts more closely with their avoided costs, consistent with the component of Objective 1 aimed at pricing efficiency.

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<sup>64</sup> See Docket No. RM2017-3 Postal Service Comments at 48 (describing the Postal Service's position on workshare discounts that are below their avoided costs with respect to non-compensatory products). MPA acknowledges this issue remains pending. See MPA Comments at 2.

<sup>65</sup> The baseline discount is the workshare discount set in the previous rate adjustment (Docket R2020-1). See Docket R2020-1, Library Reference PRC-LR-R2020-1/4, November 22, 2019, Excel file "PRC-WORKSHARE-PACKSERV-R2020-1.xlsx." In Docket No. R2021-1, the Postal Service does not propose changes to any of the existing prices for BPM Flats and BPM Parcels to balance the larger-than average price adjustment to the non-compensatory product of Media Mail/Library Mail under the class-based price cap. The slight percentage decrease in rates for BPM Flats is due to the introduction of the incentive for Seamless Acceptance.

Moreover, the planned price adjustments reflect a proper incentive to set prices in accordance with the component of Objective 1 aimed at reducing costs. Generally, the planned price adjustments encourage the entry of mailpieces that are less costly for the Postal Service to process. Globally, this is illustrated by proposing to set lower prices for bulk mailings that presort to a finer degree or dropship mailpieces deeper into the Postal Service's network, compared to higher prices for corresponding mailpieces that are more costly for the Postal Service to process.

Within USPS Marketing Mail, the Postal Service's proposed prices are designed to incentivize greater presortation and drop-shipment by mailers. See Notice at 13-14. To that end, High Density and Saturation Flats/Parcels, which require a high degree of presortation and dropshipping by mailers, are proposed to receive below-average increases, while regular Flats and Parcels, which require less preparation by mailers, are proposed to receive above-average increases. *Id.* at 13. Likewise, within the High Density and Saturation Letters as well as the High Density and Saturation Flats/Parcels products, the Postal Service proposes maintaining existing prices for the more efficient High Density Plus categories, while increasing the prices of the regular High Density categories.<sup>66</sup> The Commission also notes that for Basic Carrier Route letters weighing less than 4 ounces, the proposed prices are designed to encourage greater drop-shipment. The greatest proposed price increase is for Origin entry pieces, followed by DNDC entry, followed by DSCF entry. The Commission encourages this rate-setting behavior so long as the Postal Service is able to do so while still keeping all workshare discounts as close to their avoided costs as possible, consistent with ECP.

Additionally, within Periodicals, the Postal Service proposes to use its flexibility within the price cap to encourage more efficient mail preparation and the preparation of

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<sup>66</sup> High Density Plus categories require a minimum density of at least 300 mailpieces for each carrier route whereas regular High Density categories require a minimum density of at least 125 mailpieces for each carrier route. See, e.g., DMM § 243.6.4.2.

Carrier Route mailpieces, which is consistent with the component of Objective 1 aimed at reducing costs.

NPPC asserts that the Postal Service's proposal to apply above-average increases to First-Class Mail Presorted Letters/Postcards, which are less costly for the Postal Service to process, would violate Objective 1. See NPPC Comments at 9-10. Specifically, the Postal Service proposes to increase Presorted Letters/Postcards by 2.163 percent compared to First-Class Mail on average by 1.831 percent.

First, there is inadequate evidence to support that this proposed slightly higher-than-average adjustment violates Objective 1. Notwithstanding that the adjustments to particular rate cells are at different percentage levels from prior dockets, the resulting prices proposed by the Postal Service in Docket No. R2021-1 would set lower prices for bulk mailings that presort to a finer degree or dropship mailpieces deeper into the Postal Service's network such as Presorted Letters/Postcards, compared to higher prices for corresponding mailpieces that are more costly for the Postal Service to process such as Single-Piece Letters/Postcards.<sup>67</sup> Moreover, the planned CY 2021 promotions and introduction of the incentive for Seamless Acceptance (on top of the existing discount for using the Full-Service IMb option) further encourage businesses to enter mailpieces that are presorted, which the Postal Service processes at a lower cost-per-piece compared to mailpieces that are not presorted, consistent with the component of Objective 1 aimed at reducing costs. See NAPM Comments at 7-8. Further, the Postal Service proposes to set the price of Metered Letters 4-cents lower than Stamped Letters, which tends to help incent business mail users that do not presort (such as small- and medium-sized businesses) to use a meter. Metered Letter mailpieces are

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<sup>67</sup> By way of example, in Docket No. R2021-1, the Postal Service proposes no increase to Stamped Letters compared with increases of 2.5 percent to Mixed Automated Area Distribution Center Letters (MAADC Letters), 2.1 percent to Automated Area Distribution Center Letters (AADC Letters), 2.3 percent to 5-Digit Automation Letters, which yields prices of \$0.550 compared with \$0.450, \$0.428, and \$0.398, respectively. See Notice at 8.

less costly for the Postal Service to process than Stamped Letters because meter-based payment eliminates the need for stamp production, distribution, and cancellation. See Order No. 5373 at 36.

Second, nothing on the record suggests that the proposed prices for Presorted Letters/Postcards would not be within the range of acceptable price adjustments that satisfy the objectives and factors. The Postal Service has fully acknowledged that its proposal is directly aimed at rebalancing the effect of the larger price increase (10 percent) applied in Docket No. R2019-1 to Stamped Letters and 4 consecutive annual adjustments to Presorted Letters/Postcards that were below or near the class average, in a manner that continues to demonstrate consideration for Objective 2.<sup>68</sup> As the Postal Service observes “requiring that Presort increases be below average on a permanent basis, while assigning above-average increases to the other categories permanently, would frustrate Factor 3 and, eventually, Objective 8, and would also vitiate any business judgment on the part of the Postal Service, thus undoing Objective 4.” See Response to CHIR No. 6, question 1.c. The Commission finds that the First-Class Mail pricing proposals strike a reasonable balance of the priorities of Objective 1, with other competing priorities of Objectives 2, 4, 8, as well as Factor 3.

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<sup>68</sup> See Notice at 10-11; Public Response to CHIR No. 2, question 7; Response to CHIR No. 6, question 1.c.; *see also* Docket No. R2017-1, Order on Price Adjustments for First-Class Mail, Standard Mail, Periodicals, and Package Services Products and Related Mail Classification Changes, November 15, 2016, at 18 (Order No. 3610) (adjusting Presorted Letters/Postcards by -0.243 percent compared to an average class adjustment of 0.778 percent); Docket No. R2018-1, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, November 9, 2017, at 9 (Order No. 4215) (adjusting Presorted Letters/Postcards by 1.585 percent compared to an average class adjustment of 1.927 percent); Docket No. R2019-1, Order Approving Price Adjustments for First-Class Mail, October 24, 2019, at 8 (Order No. 5285) (adjusting Presorted Letters/Postcards by 0.970 percent compared to an average class adjustment of 2.464 percent); Order No. 5373 at 42 (adjusting Presorted Letters/Postcards by 1.607 percent compared to an average class adjustment of 1.548 percent).



## 2. Objective 2

The Commission considers the applicability of the planned price adjustments to “creat[ing] predictability and stability in rates,” as provided by Objective 2. 39 U.S.C. § 3622(b)(2).

The Commission’s existing rules encourage, but do not require, the Postal Service to provide notice of planned adjustments earlier than 45 days before planned implementation. See 39 C.F.R. § 3030.510(b). The Postal Service voluntarily filed the Notice 107 days before its planned implementation, transmitted the filing in compliance with 39 U.S.C. § 3622(d)(1)(C)(i) and 39 C.F.R. § 3030.510, and further publicized its content via other methods voluntarily. See Notice at 1. The Commission’s proposal to require that the Postal Service file its notice of rate adjustment at least 90 days before planned implementation remains pending in Docket No. RM2017-3. See Order No. 5337 at 245. The timing of the Notice and planned effective date fosters predictability and stability by allowing mailers to better plan and adjust for the proposed price adjustments, which remains consistent with the aim of Objective 2.

The proposed price adjustments comply with the annual limitation on a class level, which generally fosters predictability and stability by allowing mailers to better approximate the magnitude of price adjustments.<sup>69</sup> Although the Postal Service’s proposed pricing design may result in adjustments that vary from the class average for some rate categories, the planned price adjustments continue to demonstrate consideration for continued achievement of Objective 2, balanced with other competing priorities as described below. To compare, in a past price adjustment proceeding, the Commission found that an exceptional planned price increase appeared to be

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<sup>69</sup> The Postal Service may seek to adjust rates in excess of the annual limitation due to extraordinary or exceptional circumstances. See 39 U.S.C. § 3622(d)(1)(E); *see also* 39 C.F.R. part 3030, subpart E.

discriminatory on its face and observed that the Postal Service failed to meaningfully address Objective 2 with respect to its plan to increase the subscription fee for Platinum tier mailing agents by 963 percent (over \$225,000 annually).<sup>70</sup> Generally, it is not outside the realm of recent mailer experience for certain products to have price increases more than the class average in some years and to have price increases less than the class average in other years. In fact, the operation of the annual limitation at the class level necessarily means that the Postal Service must, in order to follow any pricing proposal that does not have each product moving lock step with changes to inflation, vary the size of increases among products within each class. Objective 2 does not require the Postal Service to predict all of its future pricing objectives and to increase every price by equal increments towards those goals. Instead, it requires that the rate adjustments generally promote stability and predictability.

Some commenters express concern that lower-than-average price increases in prior years may not signal that an above-average price increase is likely in subsequent years. See, e.g., PostCom Comments at 1-3. However, the level of foreseeability contemplated by Objective 2, which is a goal for the entire ratemaking system for Market Dominant products, does not require the Postal Service to ensure that customers would be able to predict the magnitude of each adjustment to each individual rate cell in a future year with microscopic precision. The Commission acknowledges that mailers and suppliers to the mailing industry would benefit from the Postal Service's provision of advance information regarding potential future adjustments and articulation of its long-term pricing strategy. See, e.g., NAPM Comments at 6-7. The Commission also acknowledges that the Postal Service must consider the impact of other relevant objectives and factors when developing and announcing pricing plans. In light of these considerations, the Commission encourages the Postal Service to provide information

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<sup>70</sup> Docket No. R2009-2, Order Reviewing Postal Service Market Dominant Price Adjustments, March 16, 2009, at 72 n.59 (Order No. 191).

to mailers about planned price adjustments as early as practicable. Under the Commission's existing rules, the Postal Service is required to maintain the Schedule for Regular and Predictable Rate Adjustments on file with the Commission and include estimated implementation dates for future rate adjustments as well as an explanation that allows mailers to predict with reasonable accuracy the amounts of future scheduled rate adjustments. 39 C.F.R. § 3030.509. To improve transparency for future rate adjustments, the Commission further observes that its pending proposal in Docket No. RM2017-3 would, at a minimum, require the Postal Service to update the Schedule for Regular and Predictable Rate Adjustments annually and to provide estimated filing and implementation dates (month and year) for future rate adjustments for each class of mail expected over a minimum of the next 3 years. See Order No. 5337 at 245.

The Postal Service has adequately explained how its planned First-Class Mail price adjustments balance Objective 2 with other considerations. The Postal Service has fully acknowledged that its proposal is directly aimed at rebalancing the effect of the larger price increase (10 percent) applied in Docket No. R2019-1 to Stamped Letters and 4 consecutive annual adjustments to Presorted Letters/Postcards that were below or near the class average, in a manner that does not disrupt predictability and stability, consistent with Objective 2.<sup>71</sup> The Postal Service's proposal in Docket No. R2021-1 to increase Presorted Letters/Postcards by 2.163 percent compared to First-Class Mail on average by 1.831 is well within the range of prices that would promote continued achievement of Objective 2.

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<sup>71</sup> See Notice at 10-11; Public Response to CHIR No. 2, question 7; Response to CHIR No. 6, question 1.c.; see also Order No. 3610 at 18 (adjusting Presorted Letters/Postcards by -0.243 percent compared to an average class adjustment of 0.778 percent); Order No. 4215 at 9 (adjusting Presorted Letters/Postcards by 1.585 percent compared to an average class adjustment of 1.927 percent); Order No. 5285 at 8 (adjusting Presorted Letters/Postcards by 0.970 percent compared to an average class adjustment of 2.464 percent); Order No. 5373 at 42 (adjusting Presorted Letters/Postcards by 1.607 percent compared to an average class adjustment of 1.548 percent).

The Commission acknowledges that the Postal Service's proposal to apply 33.3 percent (\$0.05) increases to the additional ounce price for letters and the non-machinable surcharge for letters represent larger percentage fluctuations for individual rate cells in the First-Class Mail Single-Piece Letters/Postcards product. In evaluating this proposal, the Commission also observes that it is relevant to consider the Postal Service's multi-year outlook: by way of example, the resulting price for a Stamped Letter weighing between 2 to 3 ounces would rise by approximately 5.634 percent over the past 3 years, which is slightly below the 5.777 percent change observed in the consumer price index for all urban consumers (CPI-U) over that same period.<sup>72</sup> The Commission accepts that the proposal demonstrates adequate consideration of Objective 2, particularly in light of the Postal Service's exercise of pricing flexibility under a class-based price cap to rebalance price increases for users over time, consistent with Objective 4 and Factor 3.

The proposed price increases for USPS Marketing Mail are generally consistent with past price adjustments. The Postal Service's proposal to apply increases of at least 2 percentage points above the class average of 1.509 percent to the three non-compensatory products (Flats, Parcels, and Carrier Route) appropriately balance Objective 2's goal of predictability and stability of rates with the priority of bringing these products closer to covering their attributable costs, consistent with Objectives 5 and 8

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<sup>72</sup> A Stamped Letter weighing between 2 to 3 ounces was \$0.710 under Docket No. R2018-1 pricing; \$0.700 under Docket Nos. R2019-1 and R2020-1 pricing, and would be \$0.750 under the proposed Docket R2021-1 pricing.

as well as Factor 2 and comply with the Commission's directives and recommendations.<sup>73</sup>

Besides these three non-compensatory products, one other USPS Marketing Mail product (High Density and Saturation Letters) is proposed to receive a rate increase (2.373 percent) that would slightly exceed the class average (1.509 percent). See Notice at 13. The planned rate increases for the remaining three products (Letters, High Density and Saturation Flats/Parcels, and Every Door Direct Mail—Retail) are all below the class average. See *id.* Notably, the below-average increase for Letters follows an above-average increase to the product in Docket No. R2020-1, which the Postal Service contends reflects consideration of rate stability for this product and the effect of the rate increase, consistent with Objective 2 and Factor 3.<sup>74</sup> The magnitude of these proposed adjustments is generally consistent with changes in the CPI-U and is well within the realm of mailer experience.<sup>75</sup>

There is some intra-class variance proposed for certain categories within the Periodicals class; specifically, the Postal Service plans to apply above-average increases to increase cost coverage for certain categories and to encourage more efficient mail preparation, consistent with Objectives 1, 5, and 8 as well as Factors 2, 5,

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<sup>73</sup> The Commission directed the Postal Service to propose a price increase for Flats at least 2 percentage points above the USPS Marketing Mail class average and strongly recommended the same for Parcels. See FY 2018 ACD at 71, 78. On March 25, 2020, the Commission continued this directive with respect to Flats, extended it to Parcels, and strongly recommended the same for Carrier Route. See FY 2019 ACD at 43, 46, 52. The FY 2019 directives and recommendations, which were all issued nearly 6 months before the Postal Service's Notice and over 9 months before the expected implementation date for the proposed prices, provided the Postal Service and affected mailers sufficient time to adapt their forecasting of the adjustments.

<sup>74</sup> See Notice at 13. In Docket No. R2020-1, Letters received an increase of 1.920 percentage points, which was greater than the USPS Marketing Mail class average of 1.860 percentage points. Order No. 5321 at 9, Table III-1.

<sup>75</sup> See, e.g., Order No. 5321 at 9, Table III-1; Order No. 4875 at 28, Table V-I; Order No. 4215 at 37, Table IV-I; Order No. 3610 at 29, Table IV-1.

7, and 12. Therefore, the Commission accepts the Postal Service's pricing proposal as rational on balance.

With respect to Package Services, the Postal Service follows its prior plan to increase cost coverage for the non-compensatory product of Media Mail/Library Mail by increasing that product's rates by approximately 2 percentage points more than the average for the class. See Docket No. ACR2019 Second Response. To balance this larger-than average price adjustment to that non-compensatory product under the class-based price cap, the Postal Service proposes no increases for BPM Flats or BPM Parcels. For the remaining product in that class, Alaska Bypass Service, the Postal Service proposes an increase that is lower than the class average. Overall, the Package Services pricing proposal demonstrates consideration for predictability and stability as intended by Objective 2 in addition to other priorities encompassed by Objectives 5 and 8, as well as Factor 2.

With respect to some of the intra-class variance proposed for certain Special Services, the Postal Service has adequately addressed its rationale. See Notice at 25-26. The Postal Service's proposals would exercise pricing flexibility in a manner aimed at increasing its net revenue and reflecting the value of the service provided, consistent with Objectives 4, 5, and 8, as well as Factors 1 and 8. Additionally, the Postal Service has demonstrated consideration for moderating the effect of the planned increases on users of the service over time, consistent with Objectives 2 and 8, as well as Factor 3. For instance, as the Postal Service observes, the additional copy factor pricing table for AMS has not been changed since its introduction in FY 2010. See *id.* at 26; see also Response to CHIR No. 4, question 1.c. In light of the need to balance these competing considerations, the planned increases are rational and would not disrupt predictability and stability.

### 3. Objective 3

The Commission considers the applicability of the planned price adjustments to “maintain[ing] high quality service standards established under section 3691,” as provided by Objective 3. 39 U.S.C. § 3622(b)(3). Neither the Postal Service nor the commenters reference Objective 3. The planned price adjustments do not negatively affect the achievement of Objective 3.

### 4. Objective 4

The Commission considers the applicability of the planned price adjustments to “allow[ing] the Postal Service pricing flexibility,” as provided by Objective 4. 39 U.S.C. § 3622(b)(4). No commenters raise concerns whether the Postal Service’s pricing proposal would be consistent with Objective 4. The Commission found that the PAEA system has allowed for pricing flexibility on a number of dimensions, by allowing the Postal Service to exercise broad discretion over the prices, the price structure, and the timing of price changes. Order No. 4257 at 144. The Postal Service proposes few structural changes and elects to implement the planned adjustments 107 days after filing the Notice. Additionally, the proposed intra-class variance illustrates the exercise of pricing flexibility, as allowed by the PAEA.

The Postal Service has adequately explained how its planned First-Class Mail price adjustments exercise the pricing flexibility allowed by Objective 4. See Notice at 10-11; Public Response to CHIR No. 2, question 7; Response to CHIR No. 6, question 1.c. The Postal Service has fully acknowledged that its proposal to apply a slightly above-average increase to Presorted Letters/Postcards and maintain the current price of Stamped Letters at 55 cents is directly aimed at rebalancing the effect of the larger price increase (10 percent) applied in Docket No. R2019-1 to Stamped Letters and 4 consecutive annual adjustments to Presorted Letters/Postcards that were below or near

the class average.<sup>76</sup> Additionally, to maintain the price of Stamped Letters, the Postal Service proposes to exercise its pricing flexibility to use price cap authority on other individual rate cells in the First-Class Mail Single-Piece Letters/Postcards product such as the additional-ounce price for letters and the non-machinable surcharge for letters. Similarly, the Postal Service's proposal to set the price of Metered Letters 4-cents lower than Stamped Letters demonstrates the Postal Service's use of its pricing flexibility to help incent business mail users that do not presort (such as small- and medium-sized businesses) to use a meter and continue to use Postal Service products (rather than move their correspondence to alternative channels).

Rather than apply the average class level adjustment (1.509 percent) equally within the USPS Marketing Mail class, four products are proposed to receive above-average increases and three products are proposed to receive below-average increases. See Notice at 13. The Commission directed the Postal Service to increase Flats and Parcels prices by at least two percentage points above average, and the Postal Service complies with these directives by proposing increases for these products of 2.044 percentage points and 15.282 percentage points above the class average, respectively.<sup>77</sup> The Commission strongly recommended (but did not require) the same for Carrier Route, and the Postal Service adheres to this recommendation by proposing an increase of 2.020 percentage points above the class average for this product.<sup>78</sup> The

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<sup>76</sup> See Notice at 10-11; Public Response to CHIR No. 2, question 7; Response to CHIR No. 6, question 1.c.; see also Order No. 3610 at 18 (adjusting Presorted Letters/Postcards by -0.243 percent compared to an average class adjustment of 0.778 percent); Order No. 4215 at 9 (adjusting Presorted Letters/Postcards by 1.585 percent compared to an average class adjustment of 1.927 percent); Order No. 5285 at 8 (adjusting Presorted Letters/Postcards by 0.970 percent compared to an average class adjustment of 2.464 percent); Order No. 5373 at 42 (adjusting Presorted Letters/Postcards by 1.607 percent compared to an average class adjustment of 1.548 percent).

<sup>77</sup> Compare FY 2019 ACD at 43, 46 with Notice at 13.

<sup>78</sup> Compare FY 2019 ACD at 52 with Notice at 13.



Postal Service elects to reserve 0.010 percent of unused pricing authority for USPS Marketing Mail.<sup>79</sup>

With regard to the proposed prices for DALs and DMLs within USPS Marketing Mail, Objective 4 allows the Postal Service pricing flexibility. This objective permits the Postal Service to set prices in a way designed to achieve financial stability and maintain a just and reasonable rate schedule, consistent with Objectives 5 and 8. The Postal Service asserts that there is increased value to mailers who use a DML rather than a DAL because of the additional advertising associated with DMLs. Notice at 14. The relationship between the premium for DMLs and their additional value to mailers is consistent with Factor 1. Taken in the totality, the Commission finds the Postal Service's rationale to demonstrate a reasonable exercise of pricing flexibility.

PostCom takes issue with the Postal Service's assertion that the below-average proposed increase for Letters follows a rate cycle in which Letters received an above-average increase, arguing that the PAEA does not require explicit multi-year balancing of increases among products. PostCom Comments at 4. The PAEA, however, does not disallow such balancing, and pursuant to Objective 4, the Postal Service enjoys considerable pricing flexibility with respect to individual products. Such flexibility is permitted so long as the Postal Service "demonstrates how the planned rate adjustments are designed to help achieve the objectives listed in 39 U.S.C. [§] 3622(b) and properly take into account the factors listed in 39 U.S.C. [§] 3622(c)." 39 C.F.R. § 3030.512(b)(7). The Commission finds that the Postal Service has done so with respect to Letters. The Postal Service's articulated cyclical pricing strategy bears a rational relationship to both Objective 2 and Factor 3.

Conversely, the Commission is not persuaded by the Postal Service's argument that the Commission's directives with respect to non-compensatory products in the

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<sup>79</sup> See Library Reference PRC-LR-R2021-1-2, Excel file "PRC-CAPCALC-MM-R2021-1.xlsx."

USPS Marketing Mail class privileges Objective 1 and Factor 2 over Objectives 2, 4, and 5, as well as Factor 7. The Postal Service enjoys considerable pricing flexibility under Objective 4, but that pricing flexibility must be balanced against other objectives and factors. The longstanding issues with non-compensatory products in the USPS Marketing Mail class, which implicate Objectives 1, 5, and 8, as well as Factor 2, are an example of the kinds of cross-cutting interests that can justify a slight curtailment of the Postal Service's pricing flexibility in order to further other objectives and factors. These issues have been thoroughly litigated in Docket No. RM2017-3 and the modifications proposed in Order No. 5337 would affect future proceedings.

With the Periodicals and Package Services classes, the Postal Service has proposed to change individual prices by different percentages, in order to increase cost coverage and to better align prices with the actual costs of processing and delivering mail for certain products and categories. Thus, these proposed price adjustments reflect the use of pricing flexibility as allowed by Objective 4, and balance the aims of Objectives 1, 5, and 8, as well as Factors 2, 5, 7, and 12.

The Postal Service's proposed prices for Special Services also demonstrate that the system allows pricing flexibility, consistent with the aim of Objective 4. See Notice at 25-26. The Postal Service's proposals to apply varying percentage increases to certain Special Services demonstrates exercise of pricing flexibility in a manner aimed at increasing its net revenue and reflecting the value of the service provided, consistent with Objectives 4, 5, and 8, as well as Factors 1 and 8.

## 5. Objective 5

The Commission considers the applicability of the planned price adjustments to "assur[ing] adequate revenues, including retained earnings, to maintain financial stability," as provided by Objective 5. 39 U.S.C. § 3622(b)(5). Generally, planned

prices for each class of mail at issue are aimed to increase cost coverage and net revenue, thereby improving the Postal Service's financial position.

Only NPPC raises concerns whether the Postal Service's pricing proposal would be consistent with Objective 5. NPPC asserts that planned price increases for First-Class Mail Presorted Letters/Postcards would violate Objective 5 because "[a]bove-average rate increases on comparatively most price sensitive mail in a product is not likely to advance the financial stability of the Postal Service." NPPC Comments at 11. Specifically, the Postal Service proposes to increase Presorted Letters/Postcards by 2.163 percent compared to the First-Class Mail average of 1.831 percent.

There is inadequate evidence to support that this proposed slightly higher-than-average adjustment would violate Objective 5. NPPC does not provide any evidence to demonstrate that Presorted Letters/Postcards are so elastic that this pricing proposal would not generate additional revenues for the Postal Service, and thereby further the achievement of Objective 5. Instead, NPPC merely argues that the Postal Service *could*, in NPPC's judgement, achieve the same revenues through raising the prices of other products. However, Objective 5 does not require the Commission to evaluate the universe of potential pricing proposals that the Postal Service *could* have made. The authority to establish reasonable and equitable classes of mail and rates of postage is vested primarily in the Governors of the Postal Service. 39 U.S.C. § 404(b). Because the Postal Service's proposal is a rational business judgment and demonstrates consideration of the competing priorities encompassed within the numerous objectives and factors, the Commission accords deference to the operator with respect to this pricing proposal.<sup>80</sup> Nothing on the record suggests that the proposed prices for

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<sup>80</sup> See Notice at 10-11; Public Response to CHIR No. 2, question 7; Response to CHIR No. 6, question 1.c.

Presorted Letters/Postcards would not be within the range of acceptable price adjustments that satisfy the objectives and factors.

The proposed prices for USPS Marketing Mail, particularly the above-average increases for Flats, Parcels, and Carrier Route, generally move all products within the class closer to the goal of fully covering their costs. Furthermore, price increases based on higher levels of consumer demand or on a product having greater value to mailers, such as DMLs, are generally consistent with the Postal Service's seeking to maintain financial stability pursuant to Objective 5.

Similarly, a number of the above-average price adjustments to certain categories of Periodicals, are proposed to increase cost coverage. Improving cost coverage and increasing net revenue to improve the Postal Service's financial position is consistent with Objective 5. Moreover, the planned exhaustion of nearly all pricing authority for this non-compensatory class of mail illustrates the Postal Service's efforts to assure adequate revenues and maintain financial stability.

With respect to Package Services, the Postal Service has continued its approach to increasing cost coverage for Media Mail/Library Mail by proposing price increases that are larger than the class average, consistent with Objective 5. See Notice at 24. This proposed approach is consistent with the Commission's most recent ACD and the Postal Service's plans. See FY 2019 ACD at 66; Docket No. ACR2019 Second Response, question 1. The Commission finds that the proposed price increases appropriately balance the Postal Service's interest in product-level cost coverage as a component of financial stability with competing priorities pertaining to the educational, cultural, scientific, and informational value of Media Mail/Library Mail, thereby taking into account Factor 11.

The Postal Service's proposed prices for Special Services also demonstrate appropriate consideration of Objective 5. See Notice at 25-26. The proposed higher-than-average percentage increases to certain Special Services would exercise pricing

flexibility in a manner aimed at increasing the Postal Service's net revenue and reflecting the value of the service provided, consistent with Objectives 4, 5, and 8, as well as Factors 1 and 8.

#### 6. Objective 6

The Commission considers the applicability of the planned price adjustments to “reduc[ing] the administrative burden and increas[ing] the transparency of the ratemaking process,” as provided by Objective 6. 39 U.S.C. § 3622(b)(6). Neither the Postal Service nor the commenters reference Objective 6. The Commission found that the PAEA system “has reduced the administrative burden and increased the transparency of the ratemaking system.” Order No. 4257 at 274. The planned price adjustments do not disturb this finding. The efficiency of this proceeding evinces how the PAEA system has reduced the administrative burden of the ratemaking system compared to the burden incurred under the Postal Reorganization Act (PRA) system. *See id.* at 73. Further, sufficient information was provided to allow users to comprehend and comment on the proposed price adjustments.

#### 7. Objective 7

The Commission considers the applicability of the planned price adjustments to “enhanc[ing] mail security and deter[ing] terrorism,” as provided by Objective 7. 39 U.S.C. § 3622(b)(7). Neither the Postal Service nor the commenters reference Objective 7. Nothing on the record would suggest the planned price adjustments would undermine the system's existing safeguards (such as the ability to seek a rate adjustment due to extraordinary or exceptional circumstances under 39 U.S.C. 3622(d)(1)(E)) to address unexpected mail security or terrorist threats. The proposed price adjustments do not appear to pose any negative effect on the achievement of Objective 7.

## 8. Objective 8

The Commission considers the applicability of the planned price adjustments to “establish[ing] and maintain[ing] a just and reasonable schedule for rates and classifications,” as provided by Objective 8. 39 U.S.C. § 3622(b)(8). The Commission concluded that rates under the PAEA system fell below the range of what would be “just and reasonable” as required by Objective 8—finding that rates were not excessive to the mailers, but threatened the financial integrity of the Postal Service.<sup>81</sup>

Presently, the First-Class Mail, USPS Marketing Mail, and Special Services classes cover their attributable costs and make a sufficient positive contribution to institutional cost. See Order No. 4257 at 235. By using most of the available pricing authority for each class, the proposed adjustments are consistent with continuing to do so. The planned price adjustments make progress towards setting rates for non-compensatory classes (Periodicals and Package Services<sup>82</sup>) and products (both Periodicals products, USPS Marketing Mail Flats and Parcels, Package Services Media Mail/Library Mail, Special Services Stamp Fulfillment Services) that are intended to help to improve the financial integrity of the Postal Service. At the same time, the planned price adjustments do not result in a schedule for rates and classifications that would be excessive to the mailers. See *id.* at 119.

Only GCA raises concerns whether the Postal Service’s pricing proposal would be consistent with Objective 8. Specifically, GCA questions whether charging higher

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<sup>81</sup> See Order No. 4257 at 274-75. The Commission disaggregated the discussion of Objective 8 into two prongs. See, e.g., *id.* at 114-15. It is well established that “just and reasonable” refers to zone, rather than a fixed price, that achieves both prongs. See *id.* at 114-15, 117, 228-29; see also *Farmers Union Cent. Exch., Inc. v. F.E.R.C.*, 734 F.2d 1486, 1502 (D.C. Cir. 1984) (“an agency may issue, and courts are without authority to invalidate, rate orders that fall within a ‘zone of reasonableness,’ where rates are neither ‘less than compensatory’ nor ‘excessive.’”).

<sup>82</sup> In FY 2019, the cost coverage for the Package Services class decreased from 102.6 percent to 96.9 percent. FY 2019 ACD at 64. Only one of the four Package Services products is non-compensatory: Media Mail/Library Mail. *Id.*

prices for First-Class Mail Single-Piece Letters/Postcards that are heavier than 2 ounces (such as a greeting card or invitation) compared to Presorted Letters and Postcards with corresponding weights would implicate Objective 8. See GCA Comments at 1-2. GCA provides no elaboration regarding this question or how it connects with Objective 8 (*i.e.*, why this difference might not be just and reasonable). With respect to consumer affordability, it is relevant to consider the Postal Service's multi-year outlook: by way of example, the resulting price for a Stamped Letter weighing between 2 to 3 ounces would rise by approximately 5.634 percent over the past 3 years, which is slightly below the 5.777 percent change observed in the CPI-U over that same period.<sup>83</sup> With respect to the Postal Service's rationale for allowing mailers that presort to include additional pages (*e.g.*, promotional material) in their mailpieces without paying additional-ounce prices for up to 3.5 ounces, the Postal Service previously explained that its aim was to mitigate diversion of mail to electronic channels.<sup>84</sup> The Commission is unpersuaded that this pricing proposal would be outside the range of just and reasonable prices.

Additionally, the Postal Service has explained that its overall First-Class Mail pricing proposal is directly aimed at rebalancing the effects of the prior rate increases for business and general public users of First-Class Mail products over time.<sup>85</sup> Smoothing out the overall impact on users over multiple years by cycling rate adjustments (such as applying a higher-than-average in one rate docket and a lower-than-average increase in a subsequent docket, and *vice versa*) further demonstrates the Postal Service's consideration for targeting the range of First-Class Mail prices that

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<sup>83</sup> A Stamped Letter weighing between 2 to 3 ounces was \$0.710 under Docket No. R2018-1 pricing; \$0.700 under Docket Nos. R2019-1 and R2020-1 pricing, and would be \$0.750 under the proposed Docket R2021-1 pricing.

<sup>84</sup> See Docket No. R2017-1, United States Postal Service Notice of Market Dominant Price Adjustment, October 12, 2016, at 21.

<sup>85</sup> See Notice at 10-11; Public Response to CHIR No. 2, question 7; Response to CHIR No. 6, question 1.c.

would remain just and reasonable, consistent with Objectives 2, 4, 8, as well as Factor 3.

Within the USPS Marketing Mail class, the three non-compensatory products (Flats, Parcels, and Carrier Route) are each proposed to receive rate increases that are greater than 2 percentage points above the class average. This is designed to bring Flats, Parcels, and Carrier Route closer to covering their attributable costs. The remaining four products in the class are compensatory.

With regard to affordability, the Commission finds that proposed prices within the USPS Marketing Mail class remain low enough that rates are not excessive to mailers. Flats and Carrier Route are proposed to receive increases that are slightly greater than 2 percentage points above the class average in order to increase their cost coverage. Parcels is proposed to receive a much larger increase at more than 15 percentage points above the class average, but the Postal Service justifies this based on the goal of incentivizing greater presortation and drop-shipment by encouraging mailers to shift their volumes to price categories with greater levels of presortation and drop-shipment. See Notice at 13-14. The Postal Service proposes a price increase for one product—High Density and Saturation Letters—that is slightly above the class average, by 0.864 percentage points. The proposed price increases for the remaining three products—Letters; High Density and Saturation Flats/Parcels; and Every Door Direct Mail—Retail—are all below the class average, by 0.738, 0.52, and 0.985 percentage points, respectively.

With regard to the planned increases for USPS Marketing Mail DALs (22 percent) and DMLs (20 percent), it is necessary to note that DALs and DMLs must accompany a High Density or Saturation Flat. While DALs and DMLs are both proposed to increase by more than the class average, High Density and Saturation Flats/Parcels overall are



proposed to increase by less than 1 percent.<sup>86</sup> In order to appropriately analyze this increase, the Commission observes the price change proposed for the entire mailpiece, as opposed to the DAL or DML prices in isolation. For example, the baseline Docket No. R2020-1 rate for a commercial Saturation Flat dropped at a DDU with a DML is \$0.214 (\$0.164 + \$0.050), while the proposed Docket R2021-1 price for the same mailpiece is \$0.224 (\$0.164 + \$0.060), which represents a 4.7 percent increase for the mailpiece. The Commission concludes that this proposed price increase is consistent with Objective 8.

With respect to the Periodicals class, the Postal Service makes progress toward setting rates that do not threaten the financial integrity of the Postal Service by proposing to exhaust almost all its pricing authority for the class. However, the Periodicals class is non-compensatory. Thus, the proposed prices, while intended to improve this situation, likely remain insufficient to cover their attributable costs, which is indicative that the rates are not excessive.

With respect to Package Services, the Postal Service's proposed prices for Media Mail/Library Mail are larger than the class average, which is intended to bring this non-compensatory product (and the class as a whole) closer to covering its attributable costs, thereby improving the financial integrity of the Postal Service. See Notice at 24. As the Postal Service observes, "Media Mail and Library Mail [mail]pieces will still be priced below other ground parcel products." *Id.* Accordingly, the record does not suggest that the proposed slightly larger than average increase would result in prices that would be excessive to mailers.

The Postal Service's proposed prices for Special Services also demonstrate appropriate consideration for targeting the range of prices that would be consistent with Objective 8. See Notice at 25-26. The Postal Service's proposals would exercise

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<sup>86</sup> See Library Reference PRC-LR-R2021-1-2, Excel file "PRC-CAPCALC-MM-R2021-1.xlsx."

pricing flexibility in a manner aimed at increasing its net revenue and reflecting the value of the service provided, consistent with Objectives 4, 5, and 8, as well as Factors 1 and 8. Additionally, the Postal Service has demonstrated consideration for moderating the effect of the planned increases on users of the service over time, consistent with Objectives 2 and 8, as well as Factor 3. For instance, as the Postal Service observes, the additional copy factor pricing table for AMS has not been changed since its introduction in FY 2010. See *id.* at 26; see also Response to CHIR No. 4, question 1.c. In light of the need to balance these competing considerations, the resulting prices would remain in the range that would not threaten the financial integrity of the Postal Service and would not be excessive to mailers.

#### 9. Objective 9

The Commission considers the applicability of the planned price adjustments to “allocat[ing] the total institutional costs of the Postal Service appropriately between market-dominant and competitive products,” as provided by Objective 9. 39 U.S.C. § 3622(b)(9). Neither the Postal Service nor the commenters reference Objective 9. The Commission previously determined that the system has an adequate mechanism to ensure the appropriate allocation of total institutional costs. Order No. 4257 at 275. That mechanism exists outside the context of this proceeding. See 39 C.F.R. § 3035.107. The proposed price adjustments do not affect the achievement of Objective 9.

#### F. Commission Analysis of the Factors

As described below, the planned price adjustments appropriately take into account the Factors appearing in 39 U.S.C. § 3622(c).

# 1. Factor 1

The following discussion illustrates how the proposed price adjustments appropriately take into account “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,” as provided by Factor 1. 39 U.S.C. § 3622(c)(1). No commenter raises concerns with how the Postal Service’s pricing proposal accounts for Factor 1.

First-Class Mail is sealed against inspection and receives forwarding, or return-to-sender, at no additional charge. MCS § 1100.1(c) and (d). It receives a high priority of delivery relative to other classes of Market Dominant mail. Certain domestic presort First-Class Mail are eligible for overnight service; the remaining domestic First-Class Mail (Single-Piece and presort) are eligible for 2-day or 3-5-day service. 39 C.F.R. § 121.1(a)(2), (b)(2), (c)-(e). First-Class Mail benefits from an extensive collection system. Single-Piece Letters/Postcards “may be deposited into any collection box, mail receptacle, or at any place where mail is accepted if the full required postage is paid with postage stamps.” DMM § 136.1.0. “All First-Class Mail receives expeditious handling and transportation, but does not guarantee delivery within a specified time.” *Id.* § 236.1.1. First-Class Mail may travel by air when the distance between the sender and recipient warrants it. For these reasons, First-Class Mail prices should reflect the relatively higher value of the service relative to other classes of Market Dominant mail (for instance, First-Class Mail rates being set higher than USPS Marketing Mail rates reflects the higher value of service provided by First-Class Mail). Therefore, the First-Class Mail price adjustments reflect the value of mail service actually provided and appropriate consideration of Factor 1.

“Periodicals entry receive, where practicable, expeditious distribution, dispatch, transit handling, and delivery.” DMM § 207.28.1. Except for limited circumstances, Periodicals may be inducted into the Postal Service’s network only at the times and

places designated by local Postmasters. See *id.* § 207.28.2. Periodicals are forwarded without charge for 60 days. See *id.* § 507.2.3.4. On balance, the Postal Service's proposed price adjustments, which almost exhaust the available pricing authority for the class and avoid setting any workshare discounts in excess of their avoided costs, reflect appropriate consideration of the value of the mail service actually provided for Periodicals.

USPS Marketing Mail lacks access to the collection system, uses ground transportation, and is subject to deferred delivery. See DMM §§ 143.2.1, 243.3.1.1, 246.1.1. While the Postal Service attempts to meet mailer needs for specific delivery dates, this requires regular planning and coordination by the mailer or mail producer. USPS Marketing Mail does not include free forwarding and return. See *id.* §§ 143.2.3, 243.3.2.6, 243.3.2.7. The proposed USPS Marketing Mail price changes take into account the value of this mail service because the USPS Marketing Mail prices remain lower than those for First-Class Mail, which provides a higher value of service. Additionally, the Commission accepts the Postal Service's assertion that the higher price proposed for DMLs (\$0.060) compared to DALs (\$0.055) is consistent with the additional advertising provided to mailers who use a DML, which is consistent with Factor 1. See Notice at 14.

Package Services products are provided as "economical ground shipping options," these mailpieces do not receive expedited processing or transportation and do not include free forwarding and return.<sup>87</sup> Bound Printed Matter may be subject to deferred delivery. DMM § 263.2.1. Media Mail/Library Mail is not sealed against postal inspection and may be inspected to ensure compliance with content requirements. See *id.* § 173.2.2. The proposed Package Services price changes take into account the

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<sup>87</sup> United States Postal Service Frequently Asked Questions, available at: <https://faq.usps.com/s/article/What-are-Package-Services>.

value of this mail service because the proposed prices continue to remain a cost efficient way to send materials. Notably, the Postal Service does not propose changes to any of the existing prices for BPM Flats<sup>88</sup> and BPM Parcels. The Postal Service proposes an increase that is lower than the class average to Alaska Bypass Service. The larger-than-average increase proposed for the remaining product, Media Mail/Library Mail, is aimed to increase its cost coverage, consistent with Objectives 5 and 8, as well as Factor 2.

Special Services provide varying degrees of value and the planned price increases reflect that value. For instance, AMS enable customers to improve the quality of their mailing lists, thereby enhancing the senders' ability to actually reach the intended recipients. See DMM § 509.1.1. Within that product, the proposed changes to the additional copy factor pricing table, which has not been updated since its introduction, would reflect the value that additional copies provide to mailers. See Notice at 26. Similarly, the proposed increases to certain services that update recipients' addresses, such as AIS Viewer, ZIP Move, AIS Unlimited License, and CDS, would reflect the value of these services actually provided to the sender and the recipient, consistent with Factor 1.

## 2. Factor 2

The following discussion illustrates how the proposed price adjustments appropriately take into account Factor 2, which states:

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.

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<sup>88</sup> The slight percentage decrease in rates for BPM Flats is due to the introduction of the incentive for Seamless Acceptance.

39 U.S.C. § 3622(c)(2).

Only ACMA and the Public Representative raise concerns with the pricing proposal that relate to Factor 2; they address USPS Marketing Mail and Special Services, respectively.

ACMA asserts that the Commission's pricing directives and recommendations for USPS Marketing Mail Flats and Carrier Route are misguided, and that rather than increasing prices for these products to redress their cost coverage issues, the Commission should defer to work being done by the Postal Service and an industry working group trying to reduce costs for the Postal Service to handle and process flat-shaped mailpieces. ACMA Comments at 1-3. As the Commission has found, however, the Postal Service's cost reduction efforts with respect to these and other flat-shaped mailpieces have repeatedly been unsuccessful, and the cost coverage issues with respect to these products have worsened, in the case of Flats in particular reaching the point of constituting an intra-class subsidy. See FY 2018 ACD at 60-66; FY 2019 ACD at 38-40, 48-52. While the Commission does not expect these products' cost coverage issues to be fully rectified during FY 2021 by the directives and recommendations the Commission has issued, the Commission has found that their cost coverages should improve over time. See FY 2018 ACD at 69-70; FY 2019 ACD at 41-42, 51.

Although USPS Marketing Mail as a class covers its attributable costs and provides a positive contribution to institutional costs, within USPS Marketing Mail three products—Flats, Parcels, and Carrier Route, do not cover their attributable costs. The above-average price increases proposed in this docket move these products closer to full cost coverage, which reflects appropriate consideration of Factor 2. As discussed in Section IX.E.4., *supra*, the Postal Service's pricing flexibility under Objective 4 must be balanced against other objectives and factors. The longstanding cost coverage issues for certain products in the USPS Marketing Mail class, which are in tension with Factor 2, are an example of the necessity of such balancing.

The Public Representative questions the Postal Service's proposal to increase prices for SFS below the average for the Special Services class. PR Comments at 12-13. Although Special Services as a class covers its attributable costs and provides a positive contribution to institutional costs, SFS has remained non-compensatory since its introduction in FY 2010. FY 2019 ACD at 67. Accordingly, "[t]he Commission urge[d] the Postal Service to continue its efforts to improve cost coverage for SFS" and stated that "[i]f the Postal Service proposes a below-average price increase [to SFS] in its next Market Dominant price increase, it should explain its rationale." *Id.* The Postal Service demonstrates consideration of the Commission's recommendation for redressing this issue. See Response to CHIR No. 6, question 1. In light of the ongoing pandemic and resulting increase in volume for SFS, which is a remote stamp ordering service and therefore consistent with social distancing guidelines, the Postal Service proposed a slightly lower-than-average price increase at this time. See *id.* The Commission will continue to monitor the cost coverage of this product because increased volume may not be sufficient to render the product compensatory if average (unit) costs for this product remain higher than the corresponding average (unit) revenue.

Additionally, the Postal Service's pricing proposal reflects appropriate consideration of Factor 2 with regard to First-Class Mail, which as a class covers its attributable costs and provides a positive contribution to institutional costs. By using most of the available pricing authority for each class, the proposed adjustments are consistent with continuing to do so, which reflects appropriate consideration of Factor 2. Moreover, the Postal Service has given consideration to proposing an increase to First-Class Mail Flats that is sufficient to prevent it from becoming non-compensatory. See Notice at 9.

The Package Services class contains four products, one of which has been non-compensatory for 13 consecutive years: Media Mail/Library Mail. FY 2019 ACD

at 64. While the remaining three products in this class remain compensatory, the cost coverage for Package Services fell to 96.9 percent in FY 2019. *Id.* The Postal Service's proposed prices for the non-compensatory product of Media Mail/Library Mail are larger than the Package Services class average, bringing the product (and the class as a whole) closer to covering its attributable costs, and thereby reflecting appropriate consideration of Factor 2.

Unlike the other four classes, the Periodicals class does not cover its costs *and* both individual products are non-compensatory. However, given the limitations applicable to this rate adjustment (pricing authority of 1.458 percent and the various preferential pricing requirements), the Postal Service's proposed use of nearly all available pricing authority reflects appropriate consideration of Factor 2. The Commission also observes that the Postal Service plans to increase cost coverage for certain categories of Periodicals in this rate adjustment. The Commission encourages the Postal Service to explore additional avenues to reduce Periodicals costs.

Systemic changes that would affect pricing for non-compensatory products and classes are pending consideration in Docket No. RM2017-3. See Order No. 5337 at 163, 174. For Docket No. R2021-1, the Postal Service's planned adjustments are governed by the existing system, and therefore are reviewed accordingly. Consistent with the Commission's existing rules and past analysis, the Commission finds that the Postal Service has demonstrated appropriate balancing of Factor 2 in its pricing proposal.

### 3. Factor 3

The following discussion illustrates how the proposed price adjustments appropriately take into account "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," as provided by Factor 3. 39 U.S.C.



§ 3622(c)(3). No commenter raises concerns with how the Postal Service's pricing proposal accounts for Factor 3. The proposed adjustments remain within the CPI-U based price cap and no concerns of a negative effect on competition were raised.

The Postal Service has explained that its overall First-Class Mail pricing proposal is directly aimed at the considerations encompassed by Factor 3: rebalancing the effects of the prior rate increases for business and general public users of First-Class Mail products over time. Specifically, the Postal Service has elected to use its pricing flexibility to maintain the current price of Stamped Letters at 55 cents to rebalance the effect of the larger price increase (10 percent) applied in Docket No. R2019-1 to Stamped Letters and 4 consecutive annual adjustments to Presorted Letters/Postcards that were below or near the class average.<sup>89</sup> The Postal Service's proposal in Docket No. R2021-1 to increase Presorted Letters/Postcards by 2.163 percent, compared to the class average increase of 1.831 percent, is well within the range of prices that would also demonstrate consideration for business mail users, consistent with Factor 3. Similarly, the Postal Service's proposed 1-cent increase to Metered Letters is a 2.000 percent increase, which is also near the class average. The Postal Service's proposal in Docket No. R2021-1 would set the price of Metered Letters 4-cents lower than Stamped Letters, which tends to help incent business mail users that do not presort (such as small- and medium-sized businesses) to use a meter and continue to use Postal Service products (rather than move their correspondence to alternative channels).

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<sup>89</sup> See Notice at 10-11; Public Response to CHIR No. 2, question 7; Response to CHIR No. 6, question 1.c.; see *also* Order No. 3610 at 18 (adjusting Presorted Letters/Postcards by -0.243 percent compared to an average class adjustment of 0.778 percent); Order No. 4215 at 9 (adjusting Presorted Letters/Postcards by 1.585 percent compared to an average class adjustment of 1.927 percent); Order No. 5285 at 8 (adjusting Presorted Letters/Postcards by 0.970 percent compared to an average class adjustment of 2.464 percent); Order No. 5373 at 42 (adjusting Presorted Letters/Postcards by 1.607 percent compared to an average class adjustment of 1.548 percent).

The USPS Marketing Mail class caters primarily to business and nonprofit mailers. The planned price increases for 3 out of 7 USPS Marketing Mail products is less than 1.5 percent, while the planned price increases for another 3 products is slightly above 1.5 percent. The Commission finds that overall the planned rate adjustments closely track the 12-month average change in CPI-U, and should not adversely affect business mail users. The below-average increase for Letters follows a rate cycle in which Letters received an above-average increase, which the Postal Service contends reflects consideration of the effect of rate increases on mailers with respect to the Letters product.<sup>90</sup>

For the remaining product, Parcels, the planned price increase is 16.791 percent, which is more than 15 percentage points above the USPS Marketing Mail class average. The Postal Service justifies this as part of an effort to incentivize mailers to shift their volumes to products and price categories with greater levels of presortation and drop-shipment. See Notice at 13-14. As the Postal Service notes, under the PAEA it has considerable leeway to set product-level prices that vary from the change in CPI-U baseline, as long as the overall class-level increase complies with the applicable price cap requirements. See Order No. 4257 at 121. Mailers using the Parcels product have the ability to shift their volumes to lower-cost products such as High Density and Saturation Flats/Parcels, which is proposed to receive a price increase of less than 1 percent. See Notice at 13.

For individual rate cells planned to increase by amounts well above the class average (such as the planned 22 percent increase for DALs or the planned 20 percent increase for DMLs, which are both affixed to Saturation Flats), the effect on the mailer is mitigated by the planned adjustment to the total price of the mailing. As explained in

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<sup>90</sup> See Notice at 13. In Docket No. R2020-1, Letters received an increase of 1.920 percentage points, which was greater than the USPS Marketing Mail class average of 1.860 percentage points. Order No. 5321 at 9, Table III-1.

Section IX.E.8., *supra*, because High Density and Saturation Flats/Parcels overall are proposed to increase by less than 1 percent, a Saturation Flat dropped at a DDU with a DML would increase by only 4.7 percent under the Docket No. R2021-1 proposal compared to the baseline price under Docket No. R2020-1.

Periodicals are printed by churches, schools, clubs, publishers of local newspapers, academic societies, nonprofit organizations, businesses, and others. See DMM § 207.6.2.2, 10.2-10.3. The primary purpose is to transmit information to an established list of subscribers or requesters.<sup>91</sup> The Postal Service demonstrates its consideration for the effect of its planned rate increases by attempting to improve the pricing signals to mailers of Periodicals.

With respect to Package Services, the proposed price increases will have a minimal effect on the stakeholders identified in Factor 3 because of the nature of the products within the Package Services class and the relatively low magnitude of the increases. The Postal Service has demonstrated consideration of this impact, particularly regarding the above-average increase to Media Mail/Library Mail, observing that “Media Mail and Library Mail [mail]pieces will still be priced below other ground parcel products.” Notice at 24.

The Postal Service adequately explains how its proposed higher-than-average percentage increases to certain Special Services balance Factor 3. See Notice at 25-26. The Postal Service’s proposals would exercise pricing flexibility in a manner aimed at increasing its net revenue and reflecting the value of the service provided, consistent with Objectives 4, 5, and 8, as well as Factors 1 and 8. Additionally, the Postal Service has demonstrated consideration for moderating the effect of the planned increases on users of the service over time, consistent with Objectives 2 and 8, as well as Factor 3.

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<sup>91</sup> United States Postal Service, Business Mail 101 Periodicals, available at: <https://pe.usps.com/BusinessMail101?ViewName=Periodicals>.

For instance, as the Postal Service observes, the additional copy factor pricing table for AMS has not been changed since its introduction in FY 2010. *See id.* at 26; *see also* Response to CHIR No. 4, question 1.c. In light of the need to balance these competing considerations, the planned increases are rational and appropriately take into account the effect of the proposed increases.

#### 4. Factor 4

The following discussion illustrates how the proposed price adjustments appropriately take into account “the available alternative means of sending and receiving letters and other mail matter at reasonable costs,” as provided by Factor 4. 39 U.S.C. § 3622(c)(4). No commenter raises concerns with how the Postal Service’s pricing proposal accounts for Factor 4.

Mail is susceptible to diversion. The planned rates account for this fact by offering promotions to mailers who send more engaging First-Class Mail and USPS Marketing Mail mailpieces that capture the attention of recipients. *See* Notice, Attachment D at 1. Several of these planned promotions incorporate special sensory experiences and digital technology platforms to enhance customer engagement. *See id.* at 1-4, 6-7. These more engaging mailpieces and the corresponding credit or discount to the mailer continue to make First-Class Mail and USPS Marketing Mail an effective means of sending and receiving such items at reasonable costs. Similarly, the proposed introduction of the incentive for Seamless Acceptance (on top of the existing discount for using the Full-Service IMb option) for First-Class Mail, USPS Marketing Mail, Periodicals, and Package Services also encourages continued use of the Postal Service as an effective means of sending and receiving items at reasonable costs.

For First-Class Mail, these planned promotions and incentives in combination with a 2.163 percent increase to Presorted Letters/Postcards, which is near the class average increase of 1.831 percent, reflect adequate consideration of Factor 4. Further,

proposing not to increase the price of Stamped Letters also serves to encourage continued use of the Postal Service as an effective means of sending and receiving letters at reasonable costs. Additionally, the Postal Service's proposal in Docket No. R2021-1 would set the price of Metered Letters 4-cents lower than Stamped Letters, which tends to help incent business mail users that do not presort (such as small- and medium-sized businesses) to use a meter and continue to use Postal Service products (rather than move their correspondence to alternative channels).

The planned price adjustments for USPS Marketing Mail, which mostly limit above-average increases to non-compensatory products and for two out of the three non-compensatory products amount to only slightly higher than the mandated 2 percentage points above the class average (2.044 percentage points for Flats and 2.020 percentage points for Carrier Route), demonstrates balancing the consideration of available alternatives with cost coverage issues. High Density and Saturation Letters is the only compensatory product proposed to receive an increase greater than the class average, by 0.864 percentage points. In the case of Parcels, a non-compensatory product for which the planned increase is 16.791 percent, the Postal Service explains that it is seeking to incentivize the movement of mail volume into other products and price categories within the USPS Marketing Mail class that feature greater presortation and drop-shipment. See Notice at 13-14.

The planned price adjustments for Periodicals remain within the limitations of the price cap and the preferential pricing requirements for this class of mail. After balancing these considerations with efforts to increase cost coverage for this non-compensatory class, the available alternative means to send such mail matter at reasonable costs have little applicability to the planned pricing adjustments.

Package Services are intended as economical ground shipping options to allow mailers to send mail matter at reasonable costs. The proposed prices associated with Package Services products are lower than other available, alternative methods for

sending and receiving comparable mail matter. See Notice at 24. The proposed Package Services prices reflect the Postal Service's consideration of Factor 4 by continuing to provide low cost, affordable shipping methods to mailers.

## 5. Factor 5

The following discussion illustrates how the proposed price adjustments appropriately take into account "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," as provided by Factor 5. 39 U.S.C. § 3622(c)(5). Only NPPC raises concerns with how the Postal Service's pricing proposal accounts for Factor 5. NPPC's two objections are specific to First-Class Mail. See NPPC Comments at 9, 12.

First, NPPC asserts that the Postal Service's proposal to apply above-average increases to First-Class Mail Presorted Letters/Postcards fails to properly account for Factor 5. See NPPC Comments at 9. As explained in the analysis of Objective 1 above, the Postal Service's First-Class Mail pricing proposal would set lower prices for bulk mailings that presort to a finer degree, dropship mailpieces deeper into the Postal Service's network, and/or prepare mailings using the Full-Service IMb option and Seamless Acceptance compared to higher prices for other mailpieces that are more costly for the Postal Service to process. See Section IX.E.1., *supra*. These aspects of the proposal reflect consideration of Factor 5. Further, the Commission observes that the Postal Service has acknowledged that its proposal aims to rebalance the effect of price increases on users over time, which represents a rational and permissible use of its pricing flexibility to balance the goals of Objectives 2 and 4, as well as Factor 3.

Second, NPPC asserts that the Postal Service's proposals to set each of the workshare discounts proposed for First-Class Mail below their corresponding avoided costs fail to properly account for Factor 5. See NPPC Comments at 12. As explained in the analysis of Objective 1 above, the majority of the workshare discounts proposed for

First-Class Mail increase pricing efficiency compared to the existing workshare discounts. See Section IX.E.1., *supra*. The Commission reiterates that for Docket No. R2021-1, the Postal Service's planned adjustments are governed by the existing system, and therefore are analyzed in that context. The Commission encourages the Postal Service to continue its progress in aligning workshare discounts with their avoided costs in its next general market dominant price adjustment. Systemic changes that would phase out Postal Service pricing practices that would move workshare discounts away from ECP are pending consideration in Docket No. RM2017-3. See Order No. 5337 at 206-207.

Overall, as described above in the analysis of Objective 1, the planned prices improve adherence to ECP, and thereby better recognize mailers' worksharing efforts and their effect upon reducing costs to the Postal Service. See Section IX.E.1., *supra*. Thus, the planned price adjustments reflect appropriate consideration of Factor 5.

#### 6. Factor 6

The following discussion illustrates how the proposed price adjustments appropriately take into account "the 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," as provided by Factor 6. 39 U.S.C. § 3622(c)(6). Neither the Postal Service nor the commenters reference Factor 6. Generally, the Postal Service does not propose changes that would adversely affect the simplicity of the structure for the entire schedule. Nor does the Postal Service propose changes that would appreciably complicate the relationships between the rates or fees charged. Overall, Factor 6 has little applicability to the majority of the pricing proposals at issue.

#### 7. Factor 7

The following discussion illustrates how the proposed price adjustments appropriately take into account "the importance of pricing flexibility to encourage

increased mail volume and operational efficiency,” as provided by Factor 7. 39 U.S.C. § 3622(c)(7). No commenter raises concerns with how the Postal Service’s pricing proposal accounts for Factor 7. The Postal Service’s planned continuation of promotions and introduction of a new incentive for Seamless Acceptance (on top of the existing discount for using the Full-Service IMb option) are designed to increase mail volume and operational efficiency, which exemplifies consideration of Factor 7 across multiple classes of mail. Additionally, the Postal Service’s pricing plans within each class of mail demonstrate that the Postal Service plans to exercise its pricing flexibility to encourage the entry of mailpieces that are more efficiently processed by the Postal Service. Globally, this is illustrated by proposing to set lower prices for bulk mailings that presort to a finer degree or dropship mailpieces deeper into the Postal Service’s network, compared to higher prices for corresponding mailpieces that are more costly for the Postal Service to process. See Section IX.E.1., *supra*. Incentivizing such mailer behavior is a reasonable use of the Postal Service’s pricing flexibility, consistent with Factor 7.

#### 8. Factor 8

The following discussion illustrates how the proposed price adjustments appropriately take into account “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,” as provided by Factor 8. 39 U.S.C. § 3622(c)(8). No commenter raises concerns with how the Postal Service’s pricing proposal accounts for Factor 8.

Except for restricted materials, all mailable matter within the weight and size restrictions may be sent via First-Class Mail. See DMM § 133.3. Certain mailable matter must be sent via First-Class Mail (such as bills and statements of account, personal information, and handwritten or typewritten material) rather than a different class of Market Dominant mail. See *id.* Within First-Class Mail, the categories reflect



the various values of different types of users. For example, Stamped Letters offer delivery of hand-addressed cards and letters, while Presorted Letters primarily offer delivery of more voluminous mailings such as bills and statements of account. Within Presorted Letters/Postcards, the various categories and corresponding rate cells reflect the value of entering mail at various levels of presort, automation compatibility, and participation in worksharing. The continuation of promotions reflects the value to businesses of engaging with customers in innovative ways and receiving discounts.

USPS Marketing Mail is designed for mail matter that is not required to be mailed as First-Class Mail or Periodicals. See DMM § 243.2.1. USPS Marketing Mail reflects the relative value of having economical prices for bulk mailings: each mailing must meet a minimum quantity of 200 pieces or 50 pounds of mail. See *id.* § 243.3.1.1. The planned price adjustments continue to reflect this relative value. Moreover, the differentiation in the proposed prices for DALs and DMLs reflect the greater value of DMLs to mailers, which is consistent with Factor 8.

“All Periodicals publications must be authorized Periodicals mailing privileges under one of five qualification categories (general publications, publications of institutions and societies, publications of state departments of agriculture, requester publications, and foreign publications).” *Id.* § 207.4.1. The Postal Service offers Periodicals prices for newspaper, magazine, journal, and newsletter distribution. See *id.* § 207.4.2. Periodicals must be published at regular intervals, at least four times a year from a known office of publication, and be formed of printed sheets. See *id.* § 207.4.4-207.4.6. There are specific standards for circulation, record keeping, and advertising limits. See *id.* § 207.6.1.2, 207.8, 207.4.12, 207.6.1.3, 207.6.2.3. Within the Periodicals pricing scheme, the amount of advertising compared to nonadvertising content is taken into account in computing prices. See *id.* § 207.2.1.5, 207.2.2.1, 207.2.2.6. There are special lower postage prices for certain kinds of mail matter such as In-County, Nonprofit, Science-of-Agriculture, Classroom, and limited circulation

Periodicals. See 39 U.S.C. § 3626(a)(3), (a)(4)(A), (a)(5), (g)(4). The proposed price adjustments appropriately take the relative high value of this kind of mail matter to the people and the desirability for this special classification into consideration.

With respect to Package Services, the Media Mail/Library Mail classification provides special rates for materials such as books, films, music, play scripts, and printed educational materials. This planned price adjustment, which results in prices that are lower than other ground parcel products, reflects the relatively high value of this kind of mail matter to the people and the desirability of this specific classification.

Many of the Special Services products are coupled with mail matter for which the people attach a higher degree of relative value and the planned price increases reflect that value. For instance, AMS, and the various services included in that product, improve the ability of the mail matter to actually reach the intended recipient. See DMM § 509.1.1. Within that product, the proposed changes to the additional copy factor pricing table would reflect that relative value and desirability of additional copies. See Notice at 26. Similarly, the proposed increases to certain services, such as AIS Viewer, ZIP Move, AIS Unlimited License, and CDS, would reflect the relative value and desirability of providing updated recipient address information to mailers, consistent with Factor 8.

#### 9. Factor 9

The following discussion illustrates how the proposed price adjustments appropriately take into account “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,” as provided by Factor 9. 39 U.S.C. § 3622(c)(9). Neither the Postal Service nor the commenters reference Factor 9. Further, because the planned price adjustments do not affect the provisions

of such classifications, Factor 9 is not applicable to the Postal Service's proposals in Docket No. R2021-1.

10. Factor 10

The following discussion illustrates how the proposed price adjustments appropriately take into account "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..." as provided by Factor 10. 39 U.S.C. § 3622(c)(10). Neither the Postal Service nor the commenters reference Factor 10. This factor applies primarily to Market Dominant negotiated service agreements (NSAs). Because the planned price adjustments do not affect the rates set by NSAs, Factor 10 is not applicable to the Postal Service's proposals in Docket No. R2021-1.

11. Factor 11

The following discussion illustrates how the proposed price adjustments appropriately take into account "the educational, cultural, scientific, and informational value to the recipient of mail matter," as provided by Factor 11. 39 U.S.C. § 3622(c)(11). Only the Postal Service and the Public Representative discuss how the Postal Service's pricing proposal accounts for Factor 11. This provision applies primarily to Periodicals and Media Mail/Library Mail.

As discussed above in Section IX.E.8., *supra*, Periodicals serve as the primary vehicle for dissemination of mail matter that has educational, cultural, scientific, and informational value to the recipient. The proposed Periodicals prices reflect an appropriate balance of such value to the recipient as well as the need to increase cost coverage for this class of mail.

Media Mail/Library Mail provides special rates for material with educational, cultural value, and scientific value, such as books, films, music, play scripts, and printed educational materials. The Postal Service and the Public Representative acknowledge the need to balance the need to increase this product's cost coverage with the educational, cultural, scientific, and informational value of this mail matter. See Notice at 24; PR Comments at 10-11. The planned price adjustments, which result in prices that are lower than other ground parcel products, reflect the educational, cultural, scientific, and informational value of this mail matter.

## 12. Factor 12

The following discussion illustrates how the proposed price adjustments appropriately take into account “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,” as provided by Factor 12. 39 U.S.C. § 3622(c)(12).

Only NPPC raises concerns with how the Postal Service's pricing proposal accounts for Factor 12. Specifically, NPPC asserts that the Postal Service's proposal to apply above-average increases to First-Class Mail Presorted Letters/Postcards fails to properly account for Factor 12. See NPPC Comments at 9. Notwithstanding that the adjustments to particular rate cells are at different percentage levels from prior dockets, the resulting prices proposed by the Postal Service in Docket No. R2021-1 would set lower prices for bulk mailings that presort to a finer degree or dropship mailpieces deeper into the Postal Service's network such as Presorted Letters/Postcards, compared to higher prices for corresponding mailpieces that are more costly for the Postal Service to process such as Single-Piece Letters/Postcards.<sup>92</sup> Other aspects of

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<sup>92</sup> By way of example, in Docket No. R2021-1, the Postal Service proposes no increase to Stamped Letters compared with increases of 2.5 percent to MAADC Letters, 2.1 percent to AADC Letters, 2.3 percent to 5-Digit Automation Letters, which yields prices of \$0.550 compared with \$0.450, \$0.428, and \$0.398, respectively. See Notice at 8.

the First-Class Mail pricing proposal also take into account Factor 12. For instance, the Postal Service proposes to set the price of Metered Letters 4-cents lower than Stamped Letters, which tends to help incent business mail users that do not presort (such as small- and medium-sized businesses) to use a meter. Metered Letter mailpieces are less costly for the Postal Service to process than Stamped Letters because meter-based payment eliminates the need for stamp production, distribution, and cancellation. See Order No. 5373 at 36.

Moreover, the Postal Service demonstrates consideration for Factor 12 across multiple classes of mail with respect to its planned rate incentives. Notably, the proposed introduction of the incentive for Seamless Acceptance (on top of the existing discount for using the Full-Service IMb option) for First-Class Mail, USPS Marketing Mail, Periodicals, and Package Services encourages the entry of mailpieces that are more efficient and less costly for the Postal Service to process. See Notice at 32-33. The type of mail preparation targeted by this new incentive also helps to maintain quality of service because mailpieces using Full-Service IMb generate Informed Visibility (IV) electronic scan data that can be used to track mailpieces as they pass through automated scan operations. See *id.*; see also DMM § 507.10.0. Similarly, the planned continuation of promotions for qualifying First-Class Mail and USPS Marketing Mail mailpieces also encourages the entry of mailpieces that use barcoding, provide mailer ID information, and/or presorting (and therefore are more efficient and less costly for the Postal Service to process). See Notice at 29-32. Further, all of these planned promotions and incentives improve affordability of the mailpieces.

### 13. Factor 13

The following discussion illustrates how the proposed price adjustments appropriately take into account “the value to the Postal Service and postal users of promoting intelligent mail and of secure, sender-identified mail,” as provided by Factor 13. 39 U.S.C. § 3622(c)(13). Neither the Postal Service nor the commenters reference

Factor 13.<sup>93</sup> The Postal Service's plan to maintain the existing discounts for mailpieces that comply with the requirements for Full-Service IMb reflects consideration of the value of intelligent mail. Additionally, the continuation of the planned CY 2021 promotions and the introduction of an incentive to enroll in Seamless Acceptance further encourage users to enter mailpieces that use IMb.

#### 14. Factor 14

The following discussion illustrates how the proposed price adjustments appropriately take into account "the policies of [title 39 of the United States Code] as well as such other factors as the Commission determines appropriate," as provided by Factor 14. 39 U.S.C. § 3622(c)(14). No commenter raises concerns with how the Postal Service's pricing proposal accounts for Factor 14.<sup>94</sup>

Section 101(d) of title 39 requires that postal rates "be established to apportion the costs of all postal operations to all users of the mail on a fair and equitable basis." 39 U.S.C. § 101(d). The Commission has found that prices for USPS Marketing Mail Flats and Parcels violate 39 U.S.C. § 101(d) by having unacceptably deficient cost coverages which constitute intra-class subsidies and unfairly burden other mailers in the USPS Marketing Mail class. FY 2018 ACD at 63, 70-72; FY 2019 ACD at 42-43, 46. Accordingly, the Commission has directed the Postal Service to propose price increases

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<sup>93</sup> Based on the context, the Commission interprets the listing of Factor 13 in the Postal Service's discussion of imposing rate increases to ensure adequate cost coverage to actually implicate Factor 14. See Notice at 11, 24; see also PR Comments at 6, 11.

<sup>94</sup> The Postal Service asserts that its proposed increases for First-Class Mail Flats and Package Services Media Mail/Library Mail demonstrate consideration of 39 U.S.C. § 101(d). See Notice at 11, 24. For First-Class Mail Flats, the Postal Service has given consideration to proposing an increase that would be sufficient to prevent the product from becoming non-compensatory. See *id.* at 9, 11. Such consideration is consistent with preventing a violation of 39 U.S.C. § 101(d). For Media Mail/Library Mail, the Postal Service proposes to continue its approach to increasing the product's cost coverage by proposing price increases that are larger than the class average. See *id.* at 24. This proposed approach is consistent with the Commission's most recent ACD and the Postal Service's plans. See FY 2019 ACD at 66; Docket No. ACR2019 Second Response, question 1.

for Flats and Parcels at least 2 percentage points above the class average for USPS Marketing Mail. *Id.* As the Commission has recognized, price increases alone will not result in these products' compliance with 39 U.S.C. § 101(d). FY 2018 ACD at 71. The Postal Service complied with the Commission's remedial directives by proposing increases of 2 percentage points above the USPS Marketing Mail class average for Flats and Parcels, which reflects consideration of 39 U.S.C. § 101(d) and Factor 14. The Commission will continue to monitor the remediation of this issue in the FY 2020 ACD and other proceedings, as needed.

#### G. Conclusion

Below, the Commission summarizes the analysis for each class, which demonstrate an acceptable balance of the relevant statutory objectives and factors.

On balance, the proposed First-Class Mail prices are within the range of prices that would be consistent with the objectives and properly take into account the factors. Specifically, the prices proposed by the Postal Service in this proceeding demonstrate an appropriate balancing of the competing priorities to align workshare discounts with ECP, exercise the Postal Service's pricing flexibility to maximize net revenue, while also reflecting consideration of the effect of increases on the general public and business mail users. See 39 U.S.C. § 3622(b)(1), (b)(4), (b)(5), and (c)(3). These proposed prices remain consistent with rates that are predictable and stable as well as just and reasonable. See 39 U.S.C. § 3622(b)(2) and (8).

On balance, the proposed USPS Marketing Mail prices are within the range of prices that would be in accordance with the objectives and properly take into account the factors. Specifically, the USPS Marketing Mail prices proposed by the Postal Service in this proceeding aim to exercise the Postal Service's pricing flexibility to use the available pricing authority to maximize net revenue, while also incentivizing greater presortation and drop-shipment by mailers and increasing the cost coverage for Flats,

Parcels, and Carrier Route. See 39 U.S.C. § 3622(b)(1), (b)(4), (b)(5), (b)(8), (c)(5), (c)(7), (c)(12), (c)(14). The proposed prices also take into account the effect of past price increases on mailers, as well as the relative value to mailers of specific offerings. See 39 U.S.C. § 3622(b)(2), (c)(1), (c)(3), (c)(8).

On balance, the proposed Periodicals prices are within the range of prices that would be in accordance with the objectives and properly take into account the factors. The Periodicals prices proposed by the Postal Service in this proceeding exercise its pricing flexibility to use the available pricing authority in an effort to boost cost coverage, encourage certain preparation of certain mailpieces, better align workshare discounts with ECP, and maximize net revenue. See 39 U.S.C. § 3622(b)(1), (b)(4), (b)(5), (b)(8), (c)(2), (c)(5). The proposed price adjustments for Periodicals, a non-compensatory class, are rational and give adequate consideration to the value of this mail matter and the effect on users. See 39 U.S.C. § 3622(c)(3), (c)(8), (c)(11).

On balance, the proposed Package Services prices are within the range of prices that would be in accordance with the objectives and properly take into account the factors. Specifically, the proposed prices for Media Mail/Library Mail demonstrate an appropriate balancing of the competing priorities to align workshare discounts with ECP, increase the product's cost coverage, and reflect the interests of mailers to have an economical ground shipping option for sending mailpieces of educational, cultural, scientific, and informational value. See 39 U.S.C. § 3622(b)(1), (b)(5), (b)(8), (c)(1), (c)(2), (c)(3), (c)(4), (c)(5), (c)(8), (c)(11).

On balance, the proposed Special Services prices are within the range of prices that would be in accordance with the objectives and properly take into account the factors. For instance, the Postal Service's proposed exercise of pricing flexibility to increase prices for the various AMS better reflects the value of these services and aims to increase net revenue. See 39 U.S.C. § 3622(b)(4), (b)(5), (c)(1), (c)(8). On balance, the larger than average increases proposed for certain individual rate cells take into



account the effects on the users, are not sudden or disruptive in historical context, and remain within a range of prices that are not excessive to mailers and will support the Postal Service's financial stability. See 39 U.S.C. § 3622 (b)(2), (b)(8), (c)(3).

#### X. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission finds that the Postal Service's planned price adjustments relating to First-Class Mail as identified in the United States Postal Service Notice of Market-Dominant Price Change, filed October 9, 2020, are consistent with applicable law and may take effect as planned.
2. The Commission finds that the Postal Service's planned price adjustments relating to USPS Marketing Mail as identified in the United States Postal Service Notice of Market-Dominant Price Change, filed October 9, 2020, are consistent with applicable law and may take effect as planned.
3. The Commission finds that the Postal Service's planned price adjustments relating to Periodicals as identified in the United States Postal Service Notice of Market-Dominant Price Change, filed October 9, 2020, are consistent with applicable law and may take effect as planned.
4. The Commission finds that the Postal Service's planned price adjustments relating to Package Services as identified in the United States Postal Service Notice of Market-Dominant Price Change, filed October 9, 2020, are consistent with applicable law and may take effect as planned.
5. The Commission finds that the Postal Service's planned price adjustments relating to Special Services as identified in the United States Postal Service

Notice of Market-Dominant Price Change, filed October 9, 2020, are consistent with applicable law and may take effect as planned.

6. Revisions to the Mail Classification Schedule appear below the signature of this Order and are effective January 24, 2021.

Erica A. Barker  
Secretary

## CHANGES TO THE MAIL CLASSIFICATION SCHEDULE

The following material represents a change to the Mail Classification Schedule.

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

*First-Class Mail  
Single-Piece Letters/Postcards***Part A—Market Dominant Products**

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**1100 First-Class Mail**

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1105.5 Prices

*Single-Piece Machinable Stamped Letters<sup>1, 2, 3</sup>*

Maximum Weight (ounces)	Machinable Letters (\$)
1	0.55
2	<u>0.75</u>
3	<u>0.95</u>
3.5	<u>1.15</u>

\*\*\*\*\*

*Single-Piece Machinable Metered Letters*

Maximum Weight (ounces)	Machinable Letters (\$)
1	<u>0.51</u>
2	<u>0.71</u>
3	<u>0.91</u>
3.5	<u>1.11</u>

*Single-Piece Nonmachinable Stamped Letters<sup>1</sup>*

Maximum Weight (ounces)	Nonmachinable Letters (\$)
1	<u>0.75</u>
2	<u>0.95</u>
3	<u>1.15</u>
3.5	<u>1.35</u>

\*\*\*\*\*

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

<b>Maximum Weight (ounces)</b>	<b>Nonmachinable Letters (\$)</b>
1	<u>0.71</u>
2	<u>0.91</u>
3	<u>1.11</u>
3.5	<u>1.31</u>

*Single-Piece QBRM Letters*

<b>Maximum Weight (ounces)</b>	<b>QBRM Letters (\$)</b>
1	<u>0.532</u>
2	<u>0.732</u>

\*\*\*\*\*

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

<b>Maximum Weight (ounces)</b>	<b>Postcards (\$)</b>	<b>Single-Piece Double Card (\$)</b>
not applicable	<u>0.36</u>	<u>0.72</u>

\*\*\*\*\*

*Single-Piece QBRM Postcards*

<b>Maximum Weight (ounces)</b>	<b>QBRM Postcards (\$)</b>
not applicable	<u>0.342</u>

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

*Share Mail Letters and Postcards<sup>1, 2</sup>*

<b>Maximum Weight (ounces)</b>	<b>Share Mail Letters (\$)</b>	<b>Share Mail Postcards (\$)</b>
1	<u>0.51</u>	<u>0.36</u>

\*\*\*\*\*

*First-Class Mail*  
*Presorted Letters/Postcards***1110 Presorted Letters/Postcards**

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**1110.4 Optional Features**

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

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- Seamless Incentive: Automation Letters and Automation Postcards Only

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- Emerging and Advanced Technology Promotion (March 1, ~~2020~~2021 to August 31, ~~2020~~2021)
- Earned Value Reply Mail Promotion (April 1, ~~2020~~2021 to June 30, ~~2020~~2021)
- Personalized Color Transpromo Promotion (July 1, ~~2020~~2021 to December 31, ~~2020~~2021)
- Informed Delivery Promotion (September 1, ~~2020~~2021 to November 30, ~~2020~~2021)

**1110.5 Prices***Automation Letters*

<b>Maximum Weight (ounces)</b>	<b>5-Digit (\$)</b>	<b>AADC (\$)</b>	<b>Mixed AADC (\$)</b>
1	<u>0.398</u>	<u>0.428</u>	<u>0.450</u>
2	<u>0.398</u>	<u>0.428</u>	<u>0.450</u>
3	<u>0.398</u>	<u>0.428</u>	<u>0.450</u>
3.5	<u>0.398</u>	<u>0.428</u>	<u>0.450</u>

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*First-Class Mail  
Presorted Letters/Postcards**Nonmachinable Letters*

<b>Maximum Weight (ounces)</b>	<b>Presorted (\$)</b>
1	<u>0.660</u>
2	<u>0.660</u>
3	<u>0.660</u>
3.5	<u>0.660</u>

*Automation Postcards*

<b>Maximum Weight (ounces)</b>	<b>5-Digit (\$)</b>	<b>AADC (\$)</b>	<b>Mixed AADC (\$)</b>
not applicable	<u>0.269</u>	<u>0.279</u>	<u>0.285</u>

*Nonautomation Presorted Machinable Postcards*

<b>Maximum Weight (ounces)</b>	<b>Presorted (\$)</b>
not applicable	<u>0.293</u>

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*Seamless Incentive*

Subtract \$0.001 for each piece eligible for Seamless Acceptance and prepared under the Full-Service Intelligent Mail option.

\*\*\*\*\*

*Emerging and Advanced Technology Promotion (March 1, ~~2020~~2021 to August 31, ~~2020~~2021)*

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



*First-Class Mail  
Presorted Letters/Postcards*

Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in technological experience, or were automatically generated by the recipient's applicable online activities. To receive the discount, mailers must comply with the eligibility requirements of the program.

*Earned Value Reply Mail Promotion (April 1, ~~2020~~2021 to June 30, ~~2020~~2021)*

Provide a \$0.02 per piece rebate for each qualifying Business Reply Mail, Courtesy Reply Mail, and Share Mail piece. ~~when the 2020 volume of those pieces for a registered mailer meets or exceeds 93 percent of the mailer's comparable volume count for the same period during 2019, for those mailers that were registered for the 2019 Earned Value promotion. Provide an additional \$0.02 per piece rebate (for a total per piece rebate of \$0.04) for a mailer that was registered for the 2019 Earned Value promotion and whose 2020 volume exceeds 100 percent of the mailer's comparable volume count for the same period during 2019. For customers who did not participate in the 2019 promotion, provide a \$0.02 per piece rebate without a threshold. Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program. Mailers who have satisfied the Earned Value promotion requirements may apply the credit toward future mailings of First-Class Mail cards, letters, and flats and USPS Marketing Mail letters and flats.~~

*Personalized Color Transpromo Promotion (July 1, ~~2020~~2021 to December 31, ~~2020~~2021)*

Provide a 2 percent discount on qualifying postage for First-Class Mail presort and automation letters sent ~~as part of a full-service IMb mailing~~ during the established program period. All mailpieces must contain bills or statements with dynamic variable color (four-color-process) messaging. In addition, in mailpieces sent by a prior year's participant the color messaging must be personalized to the recipient. The color messaging must be 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.

*First-Class Mail  
Presorted Letters/Postcards*

*Informed Delivery Promotion (September 1, ~~2020~~2021 to November 30, ~~2020~~2021)*

Provide a 2 percent discount on the qualifying postage for First-Class Mail ~~presort~~ or automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

*First-Class Mail  
Flats*

**1115**

\*\*\*\*\*

**Flats**

1115.4

Optional Features

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

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- Seamless Incentive: Automation Flats Only
- ~~Picture Permit Imprint Indicia~~
- Emerging and Advanced Technology Promotion (March 1, ~~2020~~2021 to August 31, ~~2020~~2021)
- Earned Value Reply Mail Promotion (April 1, ~~2020~~2021 to June 30, ~~2020~~2021)
- Informed Delivery Promotion (September 1, ~~2020~~2021 to November 30, ~~2020~~2021)

*First-Class Mail  
Flats*

## 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	<u>0.460</u>	<u>0.618</u>	<u>0.666</u>	<u>0.774</u>
2	<u>0.660</u>	<u>0.818</u>	<u>0.866</u>	<u>0.974</u>
3	<u>0.860</u>	<u>1.018</u>	<u>1.066</u>	<u>1.174</u>
4	<u>1.060</u>	<u>1.218</u>	<u>1.266</u>	<u>1.374</u>
5	<u>1.260</u>	<u>1.418</u>	<u>1.466</u>	<u>1.574</u>
6	<u>1.460</u>	<u>1.618</u>	<u>1.666</u>	<u>1.774</u>
7	<u>1.660</u>	<u>1.818</u>	<u>1.866</u>	<u>1.974</u>
8	<u>1.860</u>	<u>2.018</u>	<u>2.066</u>	<u>2.174</u>
9	<u>2.060</u>	<u>2.218</u>	<u>2.266</u>	<u>2.374</u>
10	<u>2.260</u>	<u>2.418</u>	<u>2.466</u>	<u>2.574</u>
11	<u>2.460</u>	<u>2.618</u>	<u>2.666</u>	<u>2.774</u>
12	<u>2.660</u>	<u>2.818</u>	<u>2.866</u>	<u>2.974</u>
13	<u>2.860</u>	<u>3.018</u>	<u>3.066</u>	<u>3.174</u>

*First-Class Mail  
Flats**Presorted Flats*

<b>Maximum Weight (ounces)</b>	<b>Presorted (\$)</b>
1	<u>0.870</u>
2	<u>1.070</u>
3	<u>1.270</u>
4	<u>1.470</u>
5	<u>1.670</u>
6	<u>1.870</u>
7	<u>2.070</u>
8	<u>2.270</u>
9	<u>2.470</u>
10	<u>2.670</u>
11	<u>2.870</u>
12	<u>3.070</u>
13	<u>3.270</u>

\*\*\*\*\*

*First-Class Mail  
Flats**Keys and Identification Devices*

<b>Maximum Weight (ounces)</b>	<b>Keys and Identification Devices (\$)</b>
1	3.70
2	3.90
3	4.10
4	4.30
5	4.50
6	4.70
7	4.90
8	5.10
9	5.30
10	5.50
11	5.70
12	5.90
13	6.10
1 (pound)	Priority Mail Retail Zone 4 postage plus <u>0.86</u>
2 (pounds)	Priority Mail Retail Zone 4 postage plus <u>0.86</u>

\*\*\*\*\*

*Seamless Incentive*

Subtract \$0.001 for each piece eligible for Seamless Acceptance and prepared under the Full-Service Intelligent Mail option.

*Picture Permit Imprint Indicia*

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

*First-Class Mail  
Flats**Emerging and Advanced Technology Promotion (March 1, ~~2020~~2021 to August 31, ~~2020~~2021)*

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

*Earned Value Reply Mail Promotion (April 1, ~~2020~~2021 to June 30, ~~2020~~2021)*

Provide a \$0.02 per piece rebate for each qualifying Business Reply Mail, Courtesy Reply Mail, and Share Mail piece. ~~when the 2020 volume of those pieces for a registered mailer meets or exceeds 93 percent of the mailer's comparable volume count for the same period during 2019, for those mailers that were registered for the 2019 Earned Value promotion. Provide an additional \$0.02 per piece rebate (for a total per piece rebate of \$0.04) for a mailer that was registered for the 2019 Earned Value promotion and whose 2020 volume exceeds 100 percent of the mailer's comparable volume count for the same period during 2019. For customers who did not participate in the 2019 promotion, provide a \$0.02 per piece rebate without a threshold. Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program. Mailers who have satisfied the Earned Value promotion requirements may apply the credit toward future mailings of First-Class Mail cards, letters, and flats and USPS Marketing Mail letters and flats.~~

*Informed Delivery Promotion (September 1, ~~2020~~2021 to November 30, ~~2020~~2021)*

Provide a 2 percent discount on the qualifying postage for First-Class Mail ~~presort or automation~~ letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

*USPS Marketing Mail (Commercial and Nonprofit)  
High Density and Saturation Letters***1200**

\*\*\*\*\*

**USPS Marketing 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, High Density Plus, and High Density Nonautomation Regular~~  
~~None, DSCF, and DNDC~~
- ~~Saturation, High Density Plus, and High Density Nonautomation Nonprofit~~  
~~None, DSCF, and DNDC~~

\*\*\*\*\*

## 1205.5

## Optional Features

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

\*\*\*\*\*

- Seamless Incentive

\*\*\*\*\*

- Emerging and Advanced Technology Promotion (March 1, ~~2020~~2021 to August 31, ~~2020~~2021)
- Earned Value Reply Mail Promotion (April 1, ~~2020~~2021 to June 30, ~~2020~~2021)
- Mobile Shopping Promotion (August 1, ~~2020~~2021 to December 31, ~~2020~~2021)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, ~~2020~~2021 to July 31, ~~2020~~2021)
- Informed Delivery Promotion (September 1, ~~2020~~2021 to November 30, ~~2020~~2021)



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

## 1205.6 Prices

\*\*\*\*\*

*High Density Letters (3.5 ounces or less)*

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.219</u>	<u>0.133</u>
DNDC	<u>0.200</u>	<u>0.114</u>
DSCF	<u>0.196</u>	<u>0.110</u>

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

Entry Point	Saturation (\$)	High Density Plus (\$)	High Density (\$)
None	0.224	0.232	0.250
DNDC	0.186	0.194	0.212
DSCF	0.179	0.187	0.205

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

Entry Point	Saturation (\$)	High Density Plus (\$)	High Density (\$)
None	0.136	0.144	0.166
DNDC	0.098	0.106	0.128
DSCF	0.091	0.099	0.121

*~~Saturation, High Density Plus, and High Density Nonautomation Letters  
(more than 4.0 ounces) Commercial and Nonprofit~~*

~~Saturation, High Density Plus, and High Density letter-shaped pieces that weigh more than 4.0 ounces must pay the piece and pound prices shown in the applicable Saturation, High Density Plus, and High Density Flats~~

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

~~(Commercial and Nonprofit) price tables (1210.6). These pieces cannot be entered at a DDU and must be prepared as letters.~~

\*\*\*\*\*

*Forwarding-and-Return Service*

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay ~~\$0.46~~\$0.49 per piece. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece multiplied by a factor of 2.472.

\*\*\*\*\*

*Seamless Incentive*

Subtract \$0.001 for each piece eligible for Seamless Acceptance and prepared under the Full-Service Intelligent Mail option.

\*\*\*\*\*

*Emerging and Advanced Technology Promotion (March 1, ~~2020~~2021 to August 31, ~~2020~~2021)*

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

*Earned Value Reply Mail Promotion (April 1, ~~2020~~2021 to June 30, ~~2020~~2021)*

Provide a \$0.02 per piece rebate for each qualifying Business Reply Mail, Courtesy Reply Mail, and Share Mail piece. ~~when the 2020 volume of those pieces for a registered mailer meets or exceeds 93 percent of the mailer's comparable volume count for the same period during 2019, for~~

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

~~those mailers that were registered for the 2019 Earned Value promotion. Provide an additional \$0.02 per piece rebate (for a total per piece rebate of \$0.04) for a mailer that was registered for the 2019 Earned Value promotion and whose 2020 volume exceeds 100 percent of the mailer's comparable volume count for the same period during 2019. For customers who did not participate in the 2019 promotion, provide a \$0.02 per piece rebate without a threshold. Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program. Mailers who have satisfied the Earned Value promotion requirements may apply the credit toward future mailings of First-Class Mail cards, letters, and flats and USPS Marketing Mail letters and flats.~~

*Mobile Shopping Promotion (August 1, ~~2020~~2021 to December 31, ~~2020~~2021)*

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

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion  
(February 1, ~~2020~~2021 to July 31, ~~2020~~2021)*

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

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

*Informed Delivery Promotion (September 1, ~~2020~~2021 to November 30, 20202021)*

Provide a 2 percent discount on the qualifying postage for First-Class Mail ~~present or~~ automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

*USPS Marketing Mail (Commercial and Nonprofit)  
High Density and Saturation Flats/Parcels***1210 High Density and Saturation Flats/Parcels**

\*\*\*\*\*

**1210.4 Price Categories**

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

\*\*\*\*\*

- Saturation, High Density Plus, and High Density Nonautomation Letters Commercial and Nonprofit Origin, DSCF, and DNDC

\*\*\*\*\*

**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 and Letters

\*\*\*\*\*

- Full-service Intelligent Mail Option: High Density and High Density Plus Flats Only
- Seamless Incentive: High Density and High Density Plus Flats Only
- Picture Permit Imprint Indicia: ~~Flats~~ Letters Only
- Emerging and Advanced Technology Promotion: Flats Only (March 1, ~~2020~~2021 to August 31, ~~2020~~2021)
- Earned Value Reply Mail Promotion: Flats Only (April 1, ~~2020~~2021 to June 30, ~~2020~~2021)
- Mobile Shopping Promotion: Flats Only (August 1, ~~2020~~2021 to December 31, ~~2020~~2021)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Flats Only (February 1, ~~2020~~2021 to July 31, ~~2020~~2021)
- Informed Delivery Promotion (September 1, ~~2020~~2021 to November 30, ~~2020~~2021)

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

## 1210.6 Prices

\*\*\*\*\*

*Saturation Flats (greater than 4.0 ounces)*

\*\*\*\*\*

## a. Per Piece

\*\*\*\*\*

## b. Per Pound

Entry Point	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Origin	0.609	0.609	<u>0.437</u>	<u>0.437</u>
DNDC	0.454	0.454	<u>0.282</u>	<u>0.282</u>
DSCF	0.426	0.426	<u>0.254</u>	<u>0.254</u>
DDU	0.365	0.365	<u>0.193</u>	<u>0.193</u>

*Saturation Parcels*

## a. Per Piece

Mailing Volume Tier	Commercial		Nonprofit	
	Small (\$)	Large (\$)	Small (\$)	Large (\$)
0-200,000	<u>0.332</u>	<u>0.382</u>	<u>0.249</u>	<u>0.287</u>
200,001 and above	<u>0.319</u>	<u>0.370</u>	<u>0.240</u>	<u>0.278</u>

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

## 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	<u>58.132</u>	<u>46.505</u>
DNDC – 5-Digit	<u>94.520</u>	<u>75.616</u>
DSCF – 5-Digit	<u>44.285</u>	<u>35.554</u>
<b>Pallet Presort</b>	<b>Carton/Sack</b>	<b>Carton/Sack</b>
3-Digit	<u>7.916</u>	<u>6.450</u>

*High Density Plus Flats (4.0 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.232	0.144
DNDC	0.194	0.106
DSCF	0.187	0.099
DDU	0.171	0.083

*High Density Plus Flats (greater than 4.0 ounces)*

\*\*\*\*\*

## a. Per Piece

\*\*\*\*\*

## b. Per Pound

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.609	<u>0.437</u>
DNDC	0.454	<u>0.282</u>
DSCF	0.426	<u>0.254</u>
DDU	0.365	<u>0.193</u>

*USPS Marketing Mail (Commercial and Nonprofit)  
High Density and Saturation Flats/Parcels**High Density Flats (4.0 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	<u>0.258</u>	<u>0.168</u>
DNDC	<u>0.220</u>	<u>0.130</u>
DSCF	<u>0.213</u>	<u>0.123</u>
DDU	<u>0.197</u>	<u>0.107</u>

*High Density Flats (greater than 4.0 ounces)*

\*\*\*\*\*

## a. Per Piece

	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Per Piece	<u>0.106</u>	<u>0.059</u>

## b. Per Pound

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.609	<u>0.437</u>
DNDC	0.454	<u>0.282</u>
DSCF	0.426	<u>0.254</u>
DDU	0.365	<u>0.193</u>

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

Saturation, High Density Plus, and High Density letter-shaped pieces that weigh 4.0 ounces or less must pay the piece prices shown in the applicable Saturation (Other prices, not EDDM prices), High Density Plus, and High Density Flats (Commercial and Nonprofit) price tables (1210.6). These pieces cannot be entered at a DDU and must be prepared as letters.



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

*Saturation, High Density Plus, and High Density Nonautomation Letters  
(more than 4.0 ounces) Commercial and Nonprofit*

Saturation, High Density Plus, and High Density letter-shaped pieces that weigh more than 4.0 ounces must pay the piece and pound prices shown in the applicable Saturation (Other prices, not EDDM prices), High Density Plus, and High Density Flats (Commercial and Nonprofit) price tables (1210.6). These pieces cannot be entered at a DDU and must be prepared as letters.

\*\*\*\*\*

*Flat-shaped pieces including a Detached Address Label*

Add ~~\$0.045~~\$0.055 for each piece addressed using a Detached Address Label with no advertising, and ~~\$0.050~~\$0.060 for each piece using a Detached Address Label containing advertising (Detached Marketing Label).

*Forwarding-and-Return Service*

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded flats pay ~~\$1.53~~\$1.60 per piece and forwarded parcels pay ~~\$4.63~~\$4.99 per piece. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail or First-Class Package Service price for the piece multiplied by a factor of 2.472.

*Full-service Intelligent Mail Option: High Density and High Density Plus Flats Only*

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

*Seamless Incentive: High Density and High Density Plus Flats Only*

Subtract \$0.001 for each piece eligible for Seamless Acceptance and prepared under the Full-Service Intelligent Mail option.

*Picture Permit Imprint Indicia: ~~Flats~~Letters Only*

Add \$0.021 for each piece that includes Picture Permit Imprint Indicia.

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

*Emerging and Advanced Technology Promotion: Flats Only (March 1, ~~2020~~2021 to August 31, ~~2020~~2021)*

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

*Earned Value Reply Mail Promotion: Flats Only (April 1, ~~2020~~2021 to June 30, ~~2020~~2021)*

Provide a \$0.02 per piece rebate for each qualifying Business Reply Mail, Courtesy Reply Mail, and Share Mail piece. ~~when the 2020 volume of those pieces for a registered mailer meets or exceeds 93 percent of the mailer's comparable volume count for the same period during 2019, for those mailers that were registered for the 2019 Earned Value promotion. Provide an additional \$0.02 per piece rebate (for a total per piece rebate of \$0.04) for a mailer that was registered for the 2019 Earned Value promotion and whose 2020 volume exceeds 100 percent of the mailer's comparable volume count for the same period during 2019. For customers who did not participate in the 2019 promotion, provide a \$0.02 per piece rebate without a threshold. Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program. Mailers who have satisfied the Earned Value promotion requirements may apply the credit toward future mailings of First-Class Mail cards, letters, and flats and USPS Marketing Mail letters and flats.~~

*Mobile Shopping Promotion: Flats Only (August 1, ~~2020~~2021 to December 31, ~~2020~~2021)*

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

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

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Flats Only (February 1, ~~2020~~2021 to July 31, ~~2020~~2021)*

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

*Informed Delivery Promotion (September 1, ~~2020~~2021 to November 30, ~~2020~~2021)*

Provide a 2 percent discount on the qualifying postage for First-Class Mail ~~presort~~ or automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

*USPS Marketing Mail (Commercial and Nonprofit)  
Carrier Route***1215****Carrier Route**

\*\*\*\*\*

**1215.5****Optional Features**

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

\*\*\*\*\*

- Seamless Incentive: Letters and Flats Only
- Picture Permit Imprint Indicia: Letters ~~and Flats~~ Only
- Emerging and Advanced Technology Promotion: Letters and Flats Only (March 1, ~~2020~~2021 to August 31, ~~2020~~2021)
- Earned Value Reply Mail Promotion: Letters and Flats Only (April 1, ~~2020~~2021 to June 30, ~~2020~~2021)
- Mobile Shopping Promotion: Letters and Flats Only (August 1, ~~2020~~2021 to December 31, ~~2020~~2021)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Letters and Flats Only (February 1, ~~2020~~2021 to July 31, ~~2020~~2021)
- Informed Delivery Promotion (September 1, ~~2020~~2021 to November 30, ~~2020~~2021)

**1215.6****Prices**

*Carrier Route Letters (3.5 ounces or less)*

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.296</u>	<u>0.210</u>
DNDC	<u>0.275</u>	<u>0.189</u>
DSCF	<u>0.272</u>	<u>0.186</u>

\*\*\*\*\*

USPS Marketing Mail (Commercial and Nonprofit)  
Carrier Route*Carrier Route Flats (4.0 ounces or less)*

Entry Point	Commercial (\$)		Nonprofit (\$)		
	5-Digit Pallet	Other	5-Digit Pallet	Other	
Origin	<u>0.299</u>	<u>0.320</u>	<u>0.209</u>	<u>0.230</u>	
DNDC	<u>0.264</u>	<u>0.285</u>	<u>0.174</u>	<u>0.195</u>	
DSCF	<u>0.253</u>	<u>0.274</u>	<u>0.163</u>	<u>0.184</u>	
DDU	<u>0.246</u>	<u>0.267</u>	<u>0.156</u>	<u>0.177</u>	

*Carrier Route Flats (greater than 4.0 ounces)*

\*\*\*\*\*

## a. Per Piece

Entry Point	Commercial (\$)		Nonprofit (\$)		
	5-Digit Pallets	Other	5-Digit Pallets	Other	
Origin	<u>0.111</u>	<u>0.132</u>	<u>0.065</u>	<u>0.086</u>	
DNDC	<u>0.111</u>	<u>0.132</u>	<u>0.065</u>	<u>0.086</u>	
DSCF	<u>0.111</u>	<u>0.132</u>	<u>0.065</u>	<u>0.086</u>	
DDU	<u>0.111</u>	<u>0.132</u>	<u>0.065</u>	<u>0.086</u>	

## b. Per Pound

Entry Point	Commercial (\$)		Nonprofit (\$)		
	5-Digit Pallets	Other	5-Digit Pallets	Other	
Origin	<u>0.752</u>	<u>0.752</u>	<u>0.576</u>	<u>0.576</u>	
DNDC	<u>0.612</u>	<u>0.612</u>	<u>0.436</u>	<u>0.436</u>	
DSCF	<u>0.569</u>	<u>0.569</u>	<u>0.393</u>	<u>0.393</u>	
DDU	<u>0.541</u>	<u>0.541</u>	<u>0.365</u>	<u>0.365</u>	

*USPS Marketing Mail (Commercial and Nonprofit)  
Carrier Route**Carrier Route Parcels*

## a. Per Piece

Mailing Volume Tier	Commercial		Nonprofit	
	Small (\$)	Large (\$)	Small (\$)	Large (\$)
0-200,000	<u>0.460</u>	<u>0.509</u>	<u>0.344</u>	<u>0.382</u>
200,001 and above	<u>0.446</u>	<u>0.496</u>	<u>0.336</u>	<u>0.373</u>

## b. Handling Fees for DNDC/DSCF Entry

	Commercial (\$)	Nonprofit (\$)
Entry Point/ Presort	Pallet	Pallet
DNDC – 3-Digit	<u>58.132</u>	<u>46.505</u>
DNDC – 5-Digit	<u>94.520</u>	<u>75.616</u>
DSCF – 5-Digit	<u>44.285</u>	<u>35.554</u>
Pallet Presort	Carton/Sack	Carton/Sack
3-Digit	<u>7.916</u>	<u>6.450</u>

\*\*\*\*\*

*Forwarding-and-Return Service*

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay ~~\$0.46~~\$0.49 per piece, forwarded flats pay ~~\$1.53~~\$1.60 per piece, and forwarded parcels pay ~~\$4.63~~\$4.99 per piece. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail or First-Class Package Service price for the piece multiplied by a factor of 2.472.

*Full-service Intelligent Mail Option: Letters and Flats Only*

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

*USPS Marketing Mail (Commercial and Nonprofit)  
Carrier Route**Seamless Incentive: Letters and Flats Only*

Subtract \$0.001 for each piece eligible for Seamless Acceptance and prepared under the Full-Service Intelligent Mail option.

*Picture Permit Imprint Indicia: Letters Only*

Add \$0.021 for each piece that includes Picture Permit Imprint Indicia.

*Emerging and Advanced Technology Promotion: Letters and Flats Only  
(March 1, ~~2020~~2021 to August 31, ~~2020~~2021)*

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

*Earned Value Reply Mail Promotion: Letters and Flats Only (April 1, ~~2020~~2021 to June 30, ~~2020~~2021)*

Provide a \$0.02 per piece rebate for each qualifying Business Reply Mail, Courtesy Reply Mail, and Share Mail piece. ~~when the 2020 volume of those pieces for a registered mailer meets or exceeds 93 percent of the mailer's comparable volume count for the same period during 2019, for those mailers that were registered for the 2019 Earned Value promotion. Provide an additional \$0.02 per piece rebate (for a total per piece rebate of \$0.04) for a mailer that was registered for the 2019 Earned Value promotion and whose 2020 volume exceeds 100 percent of the mailer's comparable volume count for the same period during 2019. For customers who did not participate in the 2019 promotion, provide a \$0.02 per piece rebate without a threshold. Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program. Mailers who have satisfied the Earned Value promotion requirements may apply the credit toward future mailings of First-Class Mail cards, letters, and flats and USPS Marketing Mail letters and flats.~~

*USPS Marketing Mail (Commercial and Nonprofit)  
Carrier Route**Mobile Shopping Promotion: Letters and Flats Only (August 1, ~~2020~~2021  
to December 31, ~~2020~~2021)*

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

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion:  
Letters and Flats Only (February 1, ~~2020~~2021 to July 31, ~~2020~~2021)*

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

*Informed Delivery Promotion (September 1, ~~2020~~2021 to November 30, ~~2020~~2021)*

Provide a 2 percent discount on the qualifying postage for First-Class Mail ~~presort or~~ automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.



*USPS Marketing Mail (Commercial and Nonprofit)  
Letters***1220**

\*\*\*\*\*

**Letters**

## 1220.4

## Price Categories

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

\*\*\*\*\*

- Nonmachinable
  - ~~5-Digit~~  
~~DSCF, DNDC, and Origin entry levels~~  
~~Commercial and Nonprofit eligible~~
  - ~~3-Digit~~  
~~DSCF, DNDC, and Origin entry levels~~  
~~Commercial and Nonprofit eligible~~
  - ~~ADG~~  
~~DSCF, DNDC, and Origin entry levels~~  
~~Commercial and Nonprofit eligible~~
  - ~~Mixed ADG~~  
~~DNDC and Origin entry levels~~  
~~Commercial and Nonprofit eligible~~

\*\*\*\*\*

## 1220.5

## Optional Features

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

\*\*\*\*\*

- Seamless Incentive: Automation Letters Only

\*\*\*\*\*

- Emerging and Advanced Technology Promotion (March 1, ~~2020~~2021 to August 31, ~~2020~~2021)
- Earned Value Reply Mail Promotion (April 1, ~~2020~~2021 to June 30, ~~2020~~2021)
- Mobile Shopping Promotion (August 1, ~~2020~~2021 to December 31, ~~2020~~2021)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, ~~2020~~2021 to July 31, ~~2020~~2021)

*USPS Marketing Mail (Commercial and Nonprofit)  
Letters*

- Informed Delivery Promotion (September 1, 20202021 to November 30, 20202021)

## 1220.6 Prices

*Automation Letters (3.5 ounces or less)*

Entry Point	Commercial			Nonprofit		
	5-Digit (\$)	AADC (\$)	Mixed AADC (\$)	5-Digit (\$)	AADC (\$)	Mixed AADC (\$)
Origin	0.259	<u>0.285</u>	<u>0.304</u>	0.138	<u>0.164</u>	<u>0.183</u>
DNDC	0.239	<u>0.265</u>	<u>0.284</u>	0.118	<u>0.144</u>	<u>0.163</u>
DSCF	<u>0.235</u>	<u>0.261</u>	n/a	<u>0.114</u>	<u>0.140</u>	n/a

*Machinable Letters (3.5 ounces or less)*

Entry Point	Commercial		Nonprofit	
	AADC (\$)	Mixed AADC (\$)	AADC (\$)	Mixed AADC (\$)
Origin	<u>0.302</u>	<u>0.311</u>	<u>0.181</u>	<u>0.190</u>
DNDC	<u>0.282</u>	<u>0.291</u>	<u>0.161</u>	<u>0.170</u>
DSCF	<u>0.278</u>	n/a	<u>0.157</u>	n/a

*Nonmachinable Letters (4.0 ounces or less)*

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.539	0.607	0.629	0.702	0.418	0.486	0.508	0.584
DNDC	0.519	0.587	0.609	0.682	0.398	0.466	0.488	0.564
DSCF	0.513	0.584	0.603	n/a	0.392	0.460	0.482	n/a

*USPS Marketing Mail (Commercial and Nonprofit)  
Letters**~~Pieces weighing greater than 4.0 ounces~~*

~~Letters pieces that weigh more than 4.0 ounces must pay the prices shown in the “Nonautomation Flats (greater than 4.0 ounces)” price tables (1225.6). These pieces cannot be entered at a DDU and must be prepared as letters.~~

\*\*\*\*\*

*Forwarding-and-Return Service*

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay ~~\$0.46~~\$0.49 per piece. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece multiplied by a factor of 2.472.

\*\*\*\*\*

*Seamless Incentive: Automation Letters Only*

Subtract \$0.001 for each piece eligible for Seamless Acceptance and prepared under the Full-Service Intelligent Mail option.

\*\*\*\*\*

*Emerging and Advanced Technology Promotion (March 1, 20202021 to August 31, 20202021)*

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

*USPS Marketing Mail (Commercial and Nonprofit)  
Letters**Earned Value Reply Mail Promotion (April 1, ~~2020~~2021 to June 30, ~~2020~~2021)*

Provide a \$0.02 per piece rebate for each qualifying Business Reply Mail, Courtesy Reply Mail, and Share Mail piece. ~~when the 2020 volume of those pieces for a registered mailer meets or exceeds 93 percent of the mailer's comparable volume count for the same period during 2019, for those mailers that were registered for the 2019 Earned Value promotion. Provide an additional \$0.02 per piece rebate (for a total per piece rebate of \$0.04) for a mailer that was registered for the 2019 Earned Value promotion and whose 2020 volume exceeds 100 percent of the mailer's comparable volume count for the same period during 2019. For customers who did not participate in the 2019 promotion, provide a \$0.02 per piece rebate without a threshold.~~ Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program. Mailers who have satisfied the Earned Value promotion requirements may apply the credit toward future mailings of First-Class Mail cards, letters, and flats and USPS Marketing Mail letters and flats.

*Mobile Shopping Promotion (August 1, ~~2020~~2021 to December 31, ~~2020~~2021)*

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

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, ~~2020~~2021 to July 31, ~~2020~~2021)*

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

*USPS Marketing Mail (Commercial and Nonprofit)  
Letters*

*Informed Delivery Promotion (September 1, ~~2020~~2021 to November 30, ~~2020~~2021)*

Provide a 2 percent discount on the qualifying postage for First-Class Mail ~~presort~~ or automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

*USPS Marketing Mail (Commercial and Nonprofit)  
Flats***1225 Flats**

\*\*\*\*\*

## 1225.2 Size and Weight Limitations

\*\*\*\*\*

Nonautomation Letters

	<u>Length</u>	<u>Height</u>	<u>Thickness</u>	<u>Weight</u>
<u>Minimum</u>	<u>5 inches</u>	<u>3.5 inches</u>	<u>0.007 inch</u>	<u>none</u>
<u>Maximum</u>	<u>11.5 inches</u>	<u>6.125 inches</u>	<u>0.25 inch</u>	<u>&lt;16 ounces</u>

\*\*\*\*\*

## 1225.4 Price Categories

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

\*\*\*\*\*

- Nonmachinable Letters
  - 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

\*\*\*\*\*

*USPS Marketing Mail (Commercial and Nonprofit)  
Flats*

1225.5 Optional Features

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

\*\*\*\*\*

- Seamless Incentive: Automation Flats Only
- Picture Permit Imprint Indicia: Letters Only
- Emerging and Advanced Technology Promotion (March 1, ~~2020~~2021 to August 31, ~~2020~~2021)
- Earned Value Reply Mail Promotion (April 1, ~~2020~~2021 to June 30, ~~2020~~2021)
- Mobile Shopping Promotion (August 1, ~~2020~~2021 to December 31, ~~2020~~2021)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, ~~2020~~2021 to July 31, ~~2020~~2021)
- Informed Delivery Promotion (September 1, ~~2020~~2021 to November 30, ~~2020~~2021)

*USPS Marketing Mail (Commercial and Nonprofit)  
Flats*

## 1225.6 Prices

*Automation Flats (4.0 ounces or less)*

<b>Commercial</b>				
<b>Entry Point</b>	<b>5-Digit (\$)</b>	<b>3-Digit (\$)</b>	<b>ADC (\$)</b>	<b>Mixed ADC (\$)</b>
Origin	<u>0.450</u>	<u>0.588</u>	<u>0.663</u>	<u>0.726</u>
DNDC	<u>0.381</u>	<u>0.519</u>	<u>0.594</u>	<u>0.657</u>
DSCF	<u>0.372</u>	<u>0.510</u>	<u>0.585</u>	n/a

  

<b>Nonprofit</b>				
<b>Entry Point</b>	<b>5-Digit (\$)</b>	<b>3-Digit (\$)</b>	<b>ADC (\$)</b>	<b>Mixed ADC (\$)</b>
Origin	<u>0.256</u>	<u>0.394</u>	<u>0.469</u>	<u>0.532</u>
DNDC	<u>0.187</u>	<u>0.325</u>	<u>0.400</u>	<u>0.463</u>
DSCF	<u>0.178</u>	<u>0.316</u>	<u>0.391</u>	n/a



*USPS Marketing Mail (Commercial and Nonprofit)  
Flats**Automation Flats (greater than 4.0 ounces)*

\*\*\*\*\*

## a. Per Piece

<b>Commercial</b>				
<b>Entry Point</b>	<b>5-Digit (\$)</b>	<b>3-Digit (\$)</b>	<b>ADC (\$)</b>	<b>Mixed ADC (\$)</b>
Origin	<u>0.200</u>	<u>0.338</u>	<u>0.413</u>	<u>0.476</u>
DNDC	<u>0.200</u>	<u>0.338</u>	<u>0.413</u>	<u>0.476</u>
DSCF	<u>0.200</u>	<u>0.338</u>	<u>0.413</u>	n/a
<b>Nonprofit</b>				
<b>Entry Point</b>	<b>5-Digit (\$)</b>	<b>3-Digit (\$)</b>	<b>ADC (\$)</b>	<b>Mixed ADC (\$)</b>
Origin	<u>0.039</u>	<u>0.177</u>	<u>0.252</u>	<u>0.315</u>
DNDC	<u>0.039</u>	<u>0.177</u>	<u>0.252</u>	<u>0.315</u>
DSCF	<u>0.039</u>	<u>0.177</u>	<u>0.252</u>	n/a

*USPS Marketing Mail (Commercial and Nonprofit)  
Flats*

## b. Per Pound

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
DNDC	<u>0.724</u>	<u>0.724</u>	<u>0.724</u>	<u>0.724</u>
DSCF	<u>0.689</u>	<u>0.689</u>	<u>0.689</u>	n/a

  

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.866</u>	<u>0.866</u>	<u>0.866</u>	<u>0.866</u>
DNDC	<u>0.590</u>	<u>0.590</u>	<u>0.590</u>	<u>0.590</u>
DSCF	<u>0.555</u>	<u>0.555</u>	<u>0.555</u>	n/a

*Nonautomation Flats (4.0 ounces or less)*

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.538</u>	<u>0.640</u>	<u>0.691</u>	<u>0.748</u>
DNDC	<u>0.469</u>	<u>0.571</u>	<u>0.622</u>	<u>0.679</u>
DSCF	<u>0.460</u>	<u>0.562</u>	<u>0.613</u>	n/a

  

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.344</u>	<u>0.446</u>	<u>0.497</u>	<u>0.554</u>
DNDC	<u>0.275</u>	<u>0.377</u>	<u>0.428</u>	<u>0.485</u>
DSCF	<u>0.266</u>	<u>0.368</u>	<u>0.419</u>	n/a

*USPS Marketing Mail (Commercial and Nonprofit)  
Flats**Nonautomation Flats (greater than 4.0 ounces)*

\*\*\*\*\*

## a. Per Piece

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.288</u>	<u>0.390</u>	<u>0.441</u>	<u>0.498</u>
DNDC	<u>0.288</u>	<u>0.390</u>	<u>0.441</u>	<u>0.498</u>
DSCF	<u>0.288</u>	<u>0.390</u>	<u>0.441</u>	n/a
Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.127</u>	<u>0.229</u>	<u>0.280</u>	<u>0.337</u>
DNDC	<u>0.127</u>	<u>0.229</u>	<u>0.280</u>	<u>0.337</u>
DSCF	<u>0.127</u>	<u>0.229</u>	<u>0.280</u>	n/a

## b. Per Pound

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
DNDC	<u>0.724</u>	<u>0.724</u>	<u>0.724</u>	<u>0.724</u>
DSCF	<u>0.689</u>	<u>0.689</u>	<u>0.689</u>	n/a

*USPS Marketing Mail (Commercial and Nonprofit)  
Flats*

<b>Nonprofit</b>				
<b>Entry Point</b>	<b>5-Digit (\$)</b>	<b>3-Digit (\$)</b>	<b>ADC (\$)</b>	<b>Mixed ADC (\$)</b>
Origin	<u>0.866</u>	<u>0.866</u>	<u>0.866</u>	<u>0.866</u>
DNDC	<u>0.590</u>	<u>0.590</u>	<u>0.590</u>	<u>0.590</u>
DSCF	<u>0.555</u>	<u>0.555</u>	<u>0.555</u>	n/a

*Nonmachinable Letters Commercial and Nonprofit (4.0 ounces or less)*

Nonmachinable Letters pieces that weigh 4.0 ounces or less must pay the prices shown in the “Nonautomation Flats (4.0 ounces or less)” price tables (1225.6). These pieces cannot be entered at a DDU and must be prepared as letters.

*Nonmachinable Letters Commercial and Nonprofit (greater than 4.0 ounces)*

Nonmachinable Letters pieces that weigh more than 4.0 ounces must pay the prices shown in the “Nonautomation Flats (greater than 4.0 ounces)” price tables (1225.6). These pieces cannot be entered at a DDU and must be prepared as letters.

*Customized MarketMail Prices*

	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Per Piece	<u>0.495</u>	<u>0.365</u>

\*\*\*\*\*

*USPS Marketing Mail (Commercial and Nonprofit)  
Flats**Forwarding-and-Return Service*

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded flats pay ~~\$1.53~~\$1.60 per piece. All other flats requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece multiplied by a factor of 2.472.

\*\*\*\*\*

*Seamless Incentive: Automation Flats Only*

Subtract \$0.001 for each piece eligible for Seamless Acceptance and prepared under the Full-Service Intelligent Mail option.

*Picture Permit Imprint Indicia: Letters Only*

Add \$0.021 for each piece that includes Picture Permit Imprint Indicia.

*Emerging and Advanced Technology Promotion (March 1, ~~2020~~2021 to August 31, ~~2020~~2021)*

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

*Earned Value Reply Mail Promotion (April 1, ~~2020~~2021 to June 30, ~~2020~~2021)*

Provide a \$0.02 per piece rebate for each qualifying Business Reply Mail, Courtesy Reply Mail, and Share Mail piece. ~~when the 2020 volume of those pieces for a registered mailer meets or exceeds 93 percent of the mailer's comparable volume count for the same period during 2019, for those mailers that were registered for the 2019 Earned Value promotion. Provide an additional \$0.02 per piece rebate (for a total per piece rebate of \$0.04) for a mailer that was registered for the 2019 Earned Value promotion and whose 2020 volume exceeds 100 percent of the mailer's comparable volume count for the same period during 2019. For~~

*USPS Marketing Mail (Commercial and Nonprofit)  
Flats*

~~customers who did not participate in the 2019 promotion, provide a \$0.02 per piece rebate without a threshold.~~ Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program. Mailers who have satisfied the Earned Value promotion requirements may apply the credit toward future mailings of First-Class Mail cards, letters, and flats and USPS Marketing Mail letters and flats.

*Mobile Shopping Promotion (August 1, ~~2020~~2021 to December 31, ~~2020~~2021)*

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

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion  
(February 1, ~~2020~~2021 to July 31, ~~2020~~2021)*

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

*Informed Delivery Promotion (September 1, ~~2020~~2021 to November 30, ~~2020~~2021)*

Provide a 2 percent discount on the qualifying postage for First-Class Mail ~~presort or~~ automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

*USPS Marketing Mail (Commercial and Nonprofit)  
Parcels***1230 Parcels**

\*\*\*\*\*

1230.6 Prices

*Marketing Parcels (3.3 ounces or less)*

Entry Point	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Origin	n/a	n/a	<u>1.447</u>	<u>1.921</u>	n/a	n/a	<u>1.310</u>	<u>1.784</u>
DNDC	<u>0.988</u>	<u>1.170</u>	<u>1.396</u>	n/a	<u>0.851</u>	<u>1.033</u>	<u>1.259</u>	n/a
DSCF	<u>0.925</u>	<u>1.107</u>	n/a	n/a	<u>0.788</u>	<u>0.970</u>	n/a	n/a
DDU	<u>0.846</u>	n/a	n/a	n/a	<u>0.709</u>	n/a	n/a	n/a

*Marketing Parcels (greater than 3.3 ounces)*

\*\*\*\*\*

a. Per Piece

	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.752</u>	<u>0.934</u>	<u>1.160</u>	<u>1.634</u>	<u>0.658</u>	<u>0.840</u>	<u>1.066</u>	<u>1.540</u>

*USPS Marketing Mail (Commercial and Nonprofit)  
Parcels*

## b. Per Pound

Entry Point	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Origin	n/a	n/a	<u>1.391</u>	<u>1.391</u>	n/a	n/a	<u>1.183</u>	<u>1.183</u>
DNDC	<u>1.143</u>	<u>1.143</u>	<u>1.143</u>	n/a	<u>0.935</u>	<u>0.935</u>	<u>0.935</u>	n/a
DSCF	<u>0.838</u>	<u>0.838</u>	n/a	n/a	<u>0.630</u>	<u>0.630</u>	n/a	n/a
DDU	<u>0.454</u>	n/a	n/a	n/a	<u>0.246</u>	n/a	n/a	n/a

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

\*\*\*\*\*

## a. Per Piece

	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	<u>0.804</u>	<u>1.230</u>	<u>1.655</u>

## b. Per Pound

Entry Point	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	<u>1.272</u>	<u>1.272</u>
DNDC	<u>1.028</u>	<u>1.028</u>	n/a
DSCF	<u>0.618</u>	n/a	n/a
DDU	<u>0.323</u>	n/a	n/a



*USPS Marketing Mail (Commercial and Nonprofit)  
Parcels**Nonprofit Irregular Parcels (3.3 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	<u>1.778</u>	<u>2.028</u>
DNDC	<u>1.016</u>	<u>1.326</u>	<u>1.728</u>	n/a
DSCF	<u>0.931</u>	<u>1.241</u>	n/a	n/a
DDU	<u>0.871</u>	n/a	n/a	n/a

*Nonprofit Irregular Parcels (greater than 3.3 ounces)*

\*\*\*\*\*

## a. Per Piece

<b>Entry Point</b>	<b>5-Digit (\$)</b>	<b>SCF (\$)</b>	<b>NDC (\$)</b>	<b>Mixed NDC (\$)</b>
Per Piece	<u>0.804</u>	<u>1.114</u>	<u>1.516</u>	<u>1.766</u>

## 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	<u>1.272</u>	<u>1.272</u>
DNDC	<u>1.028</u>	<u>1.028</u>	<u>1.028</u>	n/a
DSCF	<u>0.618</u>	<u>0.618</u>	n/a	n/a
DDU	<u>0.323</u>	n/a	n/a	n/a

\*\*\*\*\*

*Forwarding-and-Return Service*

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded parcels pay ~~\$4.63~~\$4.99 per piece. All other parcels requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Package Service or Priority Mail price for the piece multiplied by a factor of 2.472.

*USPS Marketing Mail (Commercial and Nonprofit)  
Parcels*

*Non-barcoded Parcels Surcharge*

For non-barcoded parcels, add ~~\$0.0549~~\$0.041 per piece. The surcharge does not apply to pieces sorted to 5-Digit ZIP Codes.

*USPS Marketing Mail (Commercial and Nonprofit)  
Every Door Direct Mail—Retail***1235      Every Door Direct Mail—Retail**

\*\*\*\*\*

1235.6      Prices

*Saturation Flats (3.3 ounces or less)*

Entry Point	(\$)
DDU	<u>0.192</u>

*Periodicals*  
*In-County Periodicals***1300**  
\*\*\*\*\*  
**Periodicals****1305**  
\*\*\*\*\*  
**In-County Periodicals**

1305.6 Prices

1305.5 Optional Features

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

\*\*\*\*\*

- Seamless Incentive: Automation or Carrier Route Letters and Flats Only

1305.6 Prices

*In-County Automation*

\*\*\*\*\*

- a. Pound Prices (per pound or fraction thereof)

\*\*\*\*\*

- b. Piece Prices (per addressed piece)

<b>Presort Level</b>	<b>Letters (\$)</b>	<b>Flats (\$)</b>
5-Digit	0.057	<u>0.122</u>
3-Digit	<u>0.075</u>	<u>0.156</u>
Basic	<u>0.075</u>	<u>0.171</u>

*Periodicals  
In-County Periodicals**In-County Nonautomation*

\*\*\*\*\*

a. Pound Prices (per pound or fraction thereof)

\*\*\*\*\*

b. Piece Prices (per addressed piece)

<b>Presort Level</b>	<b>Letters, Flats, and Parcels (\$)</b>
Carrier Route Saturation	0.038
Carrier Route High Density	0.051
Carrier Route Basic	0.068
5-Digit	<u>0.158</u>
3-Digit	<u>0.194</u>
Basic	<u>0.218</u>

\*\*\*\*\*

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

Add ~~\$0.179~~ \$0.180 for a Ride-Along item enclosed with or attached to an In-County Periodical.

\*\*\*\*\*

*Seamless Incentive: Automation or Carrier Route Letters and Flats Only*

Subtract \$0.001 for each piece eligible for Seamless Acceptance and prepared under the Full-Service Intelligent Mail option

*Periodicals*  
*Outside County Periodicals*

**1310**                      **Outside County Periodicals**

\*\*\*\*\*

1310.4                      Price Categories

\*\*\*\*\*

*Container Price*

\*\*\*\*\*

b. ~~Sack and Tray~~ Container Price

\*\*\*\*\*

c. Tray Container Price

- Carrier Route/5-Digit  
DDU, 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

1310.5                      Optional Features

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

\*\*\*\*

- Seamless Incentive: Barcoded or Carrier Route Letters and Flats Only

## 1310.6 Prices

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

\*\*\*\*\*

*Piece Price (per addressed piece)*

## a. Carrier Route Letters, Flats, and Parcels

\*\*\*\*\*

## b. Barcoded Letters

<b>Bundle Level</b>	<b>Barcoded Letters (\$)</b>
5-Digit	<u>0.308</u>
3-Digit/SCF	<u>0.329</u>
ADC	<u>0.329</u>
Mixed ADC	<u>0.345</u>

## c. Machinable Flats and Nonbarcoded Letters

<b>Bundle Level</b>	<b>Barcoded Flats (\$)</b>	<b>Nonbarcoded Flats (\$)</b>	<b>Nonbarcoded Letters (\$)</b>
5-Digit	<u>0.329</u>	<u>0.353</u>	<u>0.353</u>
3-Digit/SCF	<u>0.433</u>	<u>0.467</u>	<u>0.467</u>
ADC	<u>0.481</u>	<u>0.520</u>	<u>0.520</u>
Mixed ADC	<u>0.535</u>	<u>0.586</u>	<u>0.586</u>

*Periodicals  
Outside County Periodicals*

## d. Nonmachinable Flats and Parcels

<b>Bundle Level</b>	<b>Barcoded Flats (\$)</b>	<b>Nonbarcoded Flats (\$)</b>	<b>Parcels (\$)</b>
5-Digit	<u>0.486</u>	<u>0.490</u>	<u>0.490</u>
3-Digit/SCF	<u>0.573</u>	<u>0.577</u>	<u>0.577</u>
ADC	<u>0.614</u>	<u>0.621</u>	<u>0.621</u>
Mixed ADC	<u>0.722</u>	<u>0.722</u>	<u>0.722</u>

## e. Editorial Adjustment

A per-piece editorial adjustment is provided by subtracting ~~\$0.00111~~  
\$0.00112 for each 1 percent of editorial (nonadvertising) content from the  
applicable piece price.

## f. Firm Bundle Piece Price

\*\*\*\*\*

*Bundle Prices (per bundle)*

<b>Bundle Level</b>	<b>Container Level</b>				
	<b>Carrier Route (\$)</b>	<b>5-Digit (\$)</b>	<b>3-Digit/SCF (\$)</b>	<b>ADC (\$)</b>	<b>Mixed ADC (\$)</b>
Firm	<u>0.146</u>	<u>0.146</u>	<u>0.378</u>	<u>0.418</u>	<u>0.592</u>
Carrier Route	<u>0.189</u>	<u>0.189</u>	<u>0.665</u>	<u>0.862</u>	<u>1.094</u>
5-Digit		<u>0.382</u>	<u>0.448</u>	<u>0.550</u>	<u>0.810</u>
3-Digit/SFC			<u>0.391</u>	<u>0.502</u>	<u>0.766</u>
ADC				<u>0.400</u>	<u>0.654</u>
Mixed ADC					<u>0.215</u>



*Periodicals  
Outside County Periodicals**Container Prices (per pallet, tray, or sack)*

## a. Pallet Container

<b>Entry Point</b>	<b>Carrier Route (\$)</b>	<b>5-Digit (\$)</b>	<b>3-Digit/SCF (\$)</b>	<b>ADC (\$)</b>	<b>Mixed ADC (\$)</b>
DDU	3.056				
DSCF	<u>28.456</u>	<u>44.456</u>	<u>27.865</u>		
DADC	<u>52.593</u>	<u>68.593</u>	<u>53.226</u>	<u>28.357</u>	
DNDC	<u>53.172</u>	<u>69.172</u>	<u>53.528</u>	<u>51.656</u>	
Origin	<u>75.235</u>	<u>91.235</u>	<u>73.966</u>	<u>73.449</u>	<u>12.941</u>

b. ~~Tray~~ Sack Container

<b>Entry Point</b>	<b>Carrier Route/ 5-Digit (\$)</b>	<b>3-Digit/SCF (\$)</b>	<b>ADC (\$)</b>	<b>Mixed ADC (\$)</b>
DDU	<u>1.502</u>			
DSCF	<u>2.241</u>	<u>1.306</u>		
DADC	<u>2.835</u>	<u>2.171</u>	<u>1.258</u>	
DNDC	<u>3.063</u>	<u>2.266</u>	<u>2.210</u>	
Origin	<u>4.158</u>	<u>3.283</u>	<u>3.301</u>	<u>1.125</u>

c. Tray Container

<b><u>Entry Point</u></b>	<b><u>Carrier Route/ 5-Digit (\$)</u></b>	<b><u>3-Digit/SCF (\$)</u></b>	<b><u>ADC (\$)</u></b>	<b><u>Mixed ADC (\$)</u></b>
<u>DDU</u>	<u>1.427</u>			
<u>DSCF</u>	<u>2.129</u>	<u>1.241</u>		
<u>DADC</u>	<u>2.835</u>	<u>2.171</u>	<u>1.258</u>	
<u>DNDC</u>	<u>3.063</u>	<u>2.266</u>	<u>2.210</u>	
<u>Origin</u>	<u>4.158</u>	<u>3.283</u>	<u>3.301</u>	<u>1.125</u>

*Periodicals*  
*Outside County Periodicals*

*Outside County Periodicals including a Ride-Along piece*

Add ~~\$0.179~~\$0.180 for a Ride-Along item enclosed with or attached to an Outside County Periodical.

\*\*\*\*\*

*Seamless Incentive: Barcoded or Carrier Route Letters and Flats Only*

Subtract \$0.001 for each piece eligible for Seamless Acceptance and prepared under the Full-Service Intelligent Mail option.

\*\*\*\*\*

*Package Services*  
*Alaska Bypass***1400**            **Package Services**

\*\*\*\*\*

**1405**            **Alaska Bypass Service**

\*\*\*\*\*

1405.6           Prices

*Alaska Bypass*

\*\*\*\*\*

Maximum Weight (pounds)	Zones 1 & 2 (\$)	
70	<u>26.97</u>	

*Package Services  
Bound Printed Matter Flats*

**1415            Bound Printed Matter Flats**

\*\*\*\*\*

1415.5            Optional Features

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

\*\*\*\*\*

- Seamless Incentive

1415.6            Prices

*Full-service Intelligent Mail Option: Presorted or Carrier Route Barcoded Flats Only*

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

\*\*\*\*\*

Seamless Incentive

Subtract \$0.001 for each piece eligible for Seamless Acceptance and prepared under the Full-Service Intelligent Mail option.

*Package Services  
Media Mail/Library Mail***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	<u>1.76</u>	<u>2.67</u>	<u>2.89</u>
2	<u>2.32</u>	<u>3.23</u>	<u>3.45</u>
3	<u>2.88</u>	<u>3.79</u>	<u>4.01</u>
4	<u>3.44</u>	<u>4.35</u>	<u>4.57</u>
5	<u>4.00</u>	<u>4.91</u>	<u>5.13</u>
6	<u>4.56</u>	<u>5.47</u>	<u>5.69</u>
7	<u>5.12</u>	<u>6.03</u>	<u>6.25</u>
8	<u>5.68</u>	<u>6.59</u>	<u>6.81</u>
9	<u>6.24</u>	<u>7.15</u>	<u>7.37</u>
10	<u>6.80</u>	<u>7.71</u>	<u>7.93</u>
11	<u>7.36</u>	<u>8.27</u>	<u>8.49</u>
12	<u>7.92</u>	<u>8.83</u>	<u>9.05</u>
13	<u>8.48</u>	<u>9.39</u>	<u>9.61</u>
14	<u>9.04</u>	<u>9.95</u>	<u>10.17</u>
15	<u>9.60</u>	<u>10.51</u>	<u>10.73</u>
16	<u>10.16</u>	<u>11.07</u>	<u>11.29</u>
17	<u>10.72</u>	<u>11.63</u>	<u>11.85</u>
18	<u>11.28</u>	<u>12.19</u>	<u>12.41</u>
19	<u>11.84</u>	<u>12.75</u>	<u>12.97</u>
20	<u>12.40</u>	<u>13.31</u>	<u>13.53</u>
21	<u>12.96</u>	<u>13.87</u>	<u>14.09</u>
22	<u>13.52</u>	<u>14.43</u>	<u>14.65</u>
23	<u>14.08</u>	<u>14.99</u>	<u>15.21</u>
24	<u>14.64</u>	<u>15.55</u>	<u>15.77</u>
25	<u>15.20</u>	<u>16.11</u>	<u>16.33</u>

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

<b>Maximum Weight (pounds)</b>	<b>5-Digit (\$)</b>	<b>Basic (\$)</b>	<b>Single-Piece (\$)</b>
26	<u>15.76</u>	<u>16.67</u>	<u>16.89</u>
27	<u>16.32</u>	<u>17.23</u>	<u>17.45</u>
28	<u>16.88</u>	<u>17.79</u>	<u>18.01</u>
29	<u>17.44</u>	<u>18.35</u>	<u>18.57</u>
30	<u>18.00</u>	<u>18.91</u>	<u>19.13</u>
31	<u>18.56</u>	<u>19.47</u>	<u>19.69</u>
32	<u>19.12</u>	<u>20.03</u>	<u>20.25</u>
33	<u>19.68</u>	<u>20.59</u>	<u>20.81</u>
34	<u>20.24</u>	<u>21.15</u>	<u>21.37</u>
35	<u>20.80</u>	<u>21.71</u>	<u>21.93</u>
36	<u>21.36</u>	<u>22.27</u>	<u>22.49</u>
37	<u>21.92</u>	<u>22.83</u>	<u>23.05</u>
38	<u>22.48</u>	<u>23.39</u>	<u>23.61</u>
39	<u>23.04</u>	<u>23.95</u>	<u>24.17</u>
40	<u>23.60</u>	<u>24.51</u>	<u>24.73</u>
41	<u>24.16</u>	<u>25.07</u>	<u>25.29</u>
42	<u>24.72</u>	<u>25.63</u>	<u>25.85</u>
43	<u>25.28</u>	<u>26.19</u>	<u>26.41</u>
44	<u>25.84</u>	<u>26.75</u>	<u>26.97</u>
45	<u>26.40</u>	<u>27.31</u>	<u>27.53</u>
46	<u>26.96</u>	<u>27.87</u>	<u>28.09</u>
47	<u>27.52</u>	<u>28.43</u>	<u>28.65</u>
48	<u>28.08</u>	<u>28.99</u>	<u>29.21</u>
49	<u>28.64</u>	<u>29.55</u>	<u>29.77</u>
50	<u>29.20</u>	<u>30.11</u>	<u>30.33</u>

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

<b>Maximum Weight (pounds)</b>	<b>5-Digit (\$)</b>	<b>Basic (\$)</b>	<b>Single-Piece (\$)</b>
51	<u>29.76</u>	<u>30.67</u>	<u>30.89</u>
52	<u>30.32</u>	<u>31.23</u>	<u>31.45</u>
53	<u>30.88</u>	<u>31.79</u>	<u>32.01</u>
54	<u>31.44</u>	<u>32.35</u>	<u>32.57</u>
55	<u>32.00</u>	<u>32.91</u>	<u>33.13</u>
56	<u>32.56</u>	<u>33.47</u>	<u>33.69</u>
57	<u>33.12</u>	<u>34.03</u>	<u>34.25</u>
58	<u>33.68</u>	<u>34.59</u>	<u>34.81</u>
59	<u>34.24</u>	<u>35.15</u>	<u>35.37</u>
60	<u>34.80</u>	<u>35.71</u>	<u>35.93</u>
61	<u>35.36</u>	<u>36.27</u>	<u>36.49</u>
62	<u>35.92</u>	<u>36.83</u>	<u>37.05</u>
63	<u>36.48</u>	<u>37.39</u>	<u>37.61</u>
64	<u>37.04</u>	<u>37.95</u>	<u>38.17</u>
65	<u>37.60</u>	<u>38.51</u>	<u>38.73</u>
66	<u>38.16</u>	<u>39.07</u>	<u>39.29</u>
67	<u>38.72</u>	<u>39.63</u>	<u>39.85</u>
68	<u>39.28</u>	<u>40.19</u>	<u>40.41</u>
69	<u>39.84</u>	<u>40.75</u>	<u>40.97</u>
70	<u>40.40</u>	<u>41.31</u>	<u>41.53</u>

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

<b>Maximum Weight (pounds)</b>	<b>5-Digit (\$)</b>	<b>Basic (\$)</b>	<b>Single-Piece (\$)</b>
1	<u>1.67</u>	<u>2.54</u>	<u>2.75</u>
2	<u>2.20</u>	<u>3.07</u>	<u>3.28</u>
3	<u>2.73</u>	<u>3.60</u>	<u>3.81</u>
4	<u>3.26</u>	<u>4.13</u>	<u>4.34</u>
5	<u>3.79</u>	<u>4.66</u>	<u>4.87</u>
6	<u>4.32</u>	<u>5.19</u>	<u>5.40</u>
7	<u>4.85</u>	<u>5.72</u>	<u>5.93</u>
8	<u>5.38</u>	<u>6.25</u>	<u>6.46</u>
9	<u>5.91</u>	<u>6.78</u>	<u>6.99</u>
10	<u>6.44</u>	<u>7.31</u>	<u>7.52</u>
11	<u>6.97</u>	<u>7.84</u>	<u>8.05</u>
12	<u>7.50</u>	<u>8.37</u>	<u>8.58</u>
13	<u>8.03</u>	<u>8.90</u>	<u>9.11</u>
14	<u>8.56</u>	<u>9.43</u>	<u>9.64</u>
15	<u>9.09</u>	<u>9.96</u>	<u>10.17</u>
16	<u>9.62</u>	<u>10.49</u>	<u>10.70</u>
17	<u>10.15</u>	<u>11.02</u>	<u>11.23</u>
18	<u>10.68</u>	<u>11.55</u>	<u>11.76</u>
19	<u>11.21</u>	<u>12.08</u>	<u>12.29</u>
20	<u>11.74</u>	<u>12.61</u>	<u>12.82</u>
21	<u>12.27</u>	<u>13.14</u>	<u>13.35</u>
22	<u>12.80</u>	<u>13.67</u>	<u>13.88</u>
23	<u>13.33</u>	<u>14.20</u>	<u>14.41</u>
24	<u>13.86</u>	<u>14.73</u>	<u>14.94</u>
25	<u>14.39</u>	<u>15.26</u>	<u>15.47</u>



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

<b>Maximum Weight (pounds)</b>	<b>5-Digit (\$)</b>	<b>Basic (\$)</b>	<b>Single-Piece (\$)</b>
26	<u>14.92</u>	<u>15.79</u>	<u>16.00</u>
27	<u>15.45</u>	<u>16.32</u>	<u>16.53</u>
28	<u>15.98</u>	<u>16.85</u>	<u>17.06</u>
29	<u>16.51</u>	<u>17.38</u>	<u>17.59</u>
30	<u>17.04</u>	<u>17.91</u>	<u>18.12</u>
31	<u>17.57</u>	<u>18.44</u>	<u>18.65</u>
32	<u>18.10</u>	<u>18.97</u>	<u>19.18</u>
33	<u>18.63</u>	<u>19.50</u>	<u>19.71</u>
34	<u>19.16</u>	<u>20.03</u>	<u>20.24</u>
35	<u>19.69</u>	<u>20.56</u>	<u>20.77</u>
36	<u>20.22</u>	<u>21.09</u>	<u>21.30</u>
37	<u>20.75</u>	<u>21.62</u>	<u>21.83</u>
38	<u>21.28</u>	<u>22.15</u>	<u>22.36</u>
39	<u>21.81</u>	<u>22.68</u>	<u>22.89</u>
40	<u>22.34</u>	<u>23.21</u>	<u>23.42</u>
41	<u>22.87</u>	<u>23.74</u>	<u>23.95</u>
42	<u>23.40</u>	<u>24.27</u>	<u>24.48</u>
43	<u>23.93</u>	<u>24.80</u>	<u>25.01</u>
44	<u>24.46</u>	<u>25.33</u>	<u>25.54</u>
45	<u>24.99</u>	<u>25.86</u>	<u>26.07</u>
46	<u>25.52</u>	<u>26.39</u>	<u>26.60</u>
47	<u>26.05</u>	<u>26.92</u>	<u>27.13</u>
48	<u>26.58</u>	<u>27.45</u>	<u>27.66</u>
49	<u>27.11</u>	<u>27.98</u>	<u>28.19</u>
50	<u>27.64</u>	<u>28.51</u>	<u>28.72</u>

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

<b>Maximum Weight (pounds)</b>	<b>5-Digit (\$)</b>	<b>Basic (\$)</b>	<b>Single-Piece (\$)</b>
51	<u>28.17</u>	<u>29.04</u>	<u>29.25</u>
52	<u>28.70</u>	<u>29.57</u>	<u>29.78</u>
53	<u>29.23</u>	<u>30.10</u>	<u>30.31</u>
54	<u>29.76</u>	<u>30.63</u>	<u>30.84</u>
55	<u>30.29</u>	<u>31.16</u>	<u>31.37</u>
56	<u>30.82</u>	<u>31.69</u>	<u>31.90</u>
57	<u>31.35</u>	<u>32.22</u>	<u>32.43</u>
58	<u>31.88</u>	<u>32.75</u>	<u>32.96</u>
59	<u>32.41</u>	<u>33.28</u>	<u>33.49</u>
60	<u>32.94</u>	<u>33.81</u>	<u>34.02</u>
61	<u>33.47</u>	<u>34.34</u>	<u>34.55</u>
62	<u>34.00</u>	<u>34.87</u>	<u>35.08</u>
63	<u>34.53</u>	<u>35.40</u>	<u>35.61</u>
64	<u>35.06</u>	<u>35.93</u>	<u>36.14</u>
65	<u>35.59</u>	<u>36.46</u>	<u>36.67</u>
66	<u>36.12</u>	<u>36.99</u>	<u>37.20</u>
67	<u>36.65</u>	<u>37.52</u>	<u>37.73</u>
68	<u>37.18</u>	<u>38.05</u>	<u>38.26</u>
69	<u>37.71</u>	<u>38.58</u>	<u>38.79</u>
70	<u>38.24</u>	<u>39.11</u>	<u>39.32</u>

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*Special Services  
Ancillary Services***1500 Special Services**

\*\*\*\*\*

**1505 Ancillary Services****1505.1 Address Correction Service**

\*\*\*\*\*

**1505.1.2 Prices**

	<b>(\$)</b>
Manual correction, each	
First-Class Mail or First-Class Package Service piece, on-piece correction only	0.00
Other	<u>0.63</u>
Electronic correction, each	
First-Class Mail or First-Class Package Service piece	<u>0.15</u>
Other	<u>0.33</u>
Automated correction (Letters Only)	
First-Class Mail piece	
First two notices, for a given address change, each	<u>0.09</u>
Additional notices, for a given address change, each	<u>0.16</u>
USPS Marketing Mail piece	
First two notices, for a given address change, each	<u>0.12</u>
Additional notices, for a given address change, each	<u>0.29</u>
Full-service correction, each	0.00

*Special Services  
Ancillary Services***1505.2 Applications and Mailing Permits**

\*\*\*\*\*

## 1505.2.2 Prices

	(\$)
First-Class Mail Presort Mailing Fee (per year)	<u>245.00</u>
USPS Marketing Mail Mailing Fee (per year)	<u>245.00</u>
Periodicals Application Fees (one-time only for each)	
A. Original Entry	<u>755.00</u>
B. Re-entry	<u>95.00</u>
C. Registration for News Agents	<u>95.00</u>
Bound Printed Matter: Destination Entry Mailing Fee (per year) <sup>1</sup>	<u>245.00</u>
Application to Use Permit Imprint (one-time only)	<u>245.00</u>

\*\*\*\*\*

*Special Services  
Ancillary Services***1505.3 Business Reply Mail**

\*\*\*\*\*

## 1505.3.2 Prices

	<b>(\$)</b>
Permit (All categories)	<u>245.00<sup>1</sup></u>
Regular (no account maintenance fee)	
Per-piece charge	<u>0.860</u>
Regular (with account maintenance fee)	
Account maintenance (per year)	<u>740.00</u>
Per-piece charge	<u>0.096</u>
Qualified Business Reply Mail, low-volume	
Account maintenance (per year)	<u>740.00</u>
Per-piece charge	<u>0.072</u>
Qualified Business Reply Mail, high-volume	
Account maintenance (per year)	<u>740.00</u>
Quarterly	<u>2,460.00</u>
Per-piece charge	<u>0.014</u>
Bulk Weight Averaged (Non-letters only)	
Account maintenance (per year)	<u>740.00</u>
Per-piece charge	<u>0.021</u>
Monthly maintenance	<u>1,225.00</u>

\*\*\*\*\*

*Special Services  
Ancillary Services*

**1505.4 Bulk Parcel Return Service**  
\*\*\*\*\*

1505.4.2 Prices

	(\$)
Per-piece charge	<u>3.65</u>

*Special Services*  
*Ancillary Services*

**1505.5**      **Certified Mail**  
\*\*\*\*\*

1505.5.2      Prices

(Per piece)	(\$)
Certified Mail	<u>3.60</u>
Certified Mail with Restricted Delivery and/or Adult Signature	<u>9.15</u>

*Special Services  
Ancillary Services***1505.6 Certificate of Mailing**

\*\*\*\*\*

**1505.6.2 Prices***Individual Piece Prices*

	<b>(\$)</b>
Original Certificate of Mailing, Form 3817, individual article presented at retail	<u>1.55</u>
Three or more pieces individually listed on Form 3665-Firm or USPS approved customer provided manifest (per piece listed)	<u>0.44</u>
Each additional copy of original Certificate of Mailing, or original mailing receipt (Form 3877) for Registered Mail, insured mail, Certified Mail, and COD mail (each copy)	<u>1.55</u>

*Quantity of Pieces*

	<b>(\$)</b>
Up to 1,000 identical-weight pieces (one Form 3606 for total number)	<u>8.80</u>
Each additional 1,000 identical-weight pieces or fraction thereof	<u>1.10</u>
Each additional copy of the original Form 3606	<u>1.55</u>



*Special Services  
Ancillary Services***1505.7 Collect on Delivery**

\*\*\*\*\*

## 1505.7.2 Prices

(\$)		(\$)	(\$)
Amount to be collected, or insurance coverage desired, whichever is higher:			
7.85	to	50.00	<u>8.00</u>
9.80	to	100.00	<u>9.95</u>
11.85	to	200.00	<u>12.10</u>
13.90	to	300.00	<u>14.25</u>
15.95	to	400.00	<u>16.40</u>
18.00	to	500.00	<u>18.55</u>
20.05	to	600.00	<u>20.70</u>
22.10	to	700.00	<u>22.85</u>
24.15	to	800.00	<u>25.00</u>
26.20	to	900.00	<u>27.15</u>
28.25	to	1,000.00	<u>29.30</u>
Additional Fees for Optional Features:			
COD Restricted Delivery			<u>5.40</u>

*Special Services*  
*Ancillary Services***1505.8        USPS Tracking**

\*\*\*\*\*

## 1505.8.2        Prices

	(\$)
USPS Marketing Mail Parcels	
Electronic	<u>0.22</u>

*Special Services  
Ancillary Services***1505.9 Insurance**

\*\*\*\*\*

## 1505.9.2 Prices

*Merchandise Coverage<sup>1, 2, 3</sup>*

(\$)		(\$)		(\$)
0.01	to	50.00		<u>2.30</u>
50.01	to	100.00		<u>2.95</u>
100.01	to	200.00		<u>3.60</u>
200.01	to	300.00		<u>4.75</u>
300.01	to	400.00		<u>6.00</u>
400.01	to	500.00		<u>7.20</u>
500.01	to	600.00		<u>9.70</u>
600.01	to	5,000.00		<u>9.70</u> plus <u>1.45</u> for each 100.00 or fraction thereof over 600.00
Additional Fee for Optional Feature				
Insurance Restricted Delivery				<u>5.40</u>

\*\*\*\*\*

*Special Services  
Ancillary Services***1505.12 Registered Mail**

\*\*\*\*\*

**1505.12.2 Prices**

(\$)		(\$)	(\$)
Declared Value:			
0.00			<u>12.90</u>
0.01	to	100.00	<u>13.50</u>
100.01	to	500.00	<u>15.50</u>
500.01	to	1,000.00	<u>17.25</u>
1,000.01	to	2,000.00	<u>19.00</u>
2,000.01	to	3,000.00	<u>20.75</u>
3,000.01	to	4,000.00	<u>22.50</u>
4,000.01	to	5,000.00	<u>24.25</u>
5,000.01	to	15,000,000.00	<u>24.25</u> plus <u>1.75</u> for each 1000.00 or fraction thereof over 5,000.00
Greater than		15,000,000.00	<u>26,265.50</u> plus amount determined by the Postal Service based on weight, space, and value
Additional Fees for Optional Features:			
Registered Mail Restricted Delivery			<u>5.40</u>
Registered COD			<u>6.15</u>

*Special Services*  
*Ancillary Services*

**1505.16 Shipper-Paid Forwarding/Return**

\*\*\*\*\*

1505.16.2 Prices

	(\$)
Account Maintenance Fee (per year)	<u>740.00</u>

*Special Services*  
*Ancillary Services***1505.17      Signature Confirmation**

\*\*\*\*\*

## 1505.17.2      Prices

	<b>(\$)</b>
Electronic	<u>2.70</u>
Retail	<u>3.20</u>
Additional Fee for Optional Feature:	
Signature Confirmation Restricted Delivery	<u>5.40</u>

*Special Services*  
*Ancillary Services*

**1505.18      Special Handling**

\*\*\*\*\*

1505.18.2      Prices

	<b>(\$)</b>
Fragile	<u>11.35</u>

*Special Services  
Ancillary Services***1505.19      Stamped Envelopes**

\*\*\*\*\*

## 1505.19.2      Prices

	<b>(\$)</b>
Plain stamped envelopes	
Basic, size 6-3/4, each	0.14
Basic, size 6-3/4, 500	<u>18.40</u>
Basic, over size 6-3/4, each	0.14
Basic, over size 6-3/4, 500	<u>20.95</u>
Personalized stamped envelopes	
Basic, size 6-3/4, 50	<u>6.10</u>
Basic, size 6-3/4, 500	<u>28.20</u>
Basic, over size 6-3/4, 50	<u>6.10</u>
Basic, over size 6-3/4, 500	<u>31.95</u>
Additional Charges for premium options, per 50 envelopes	
Pressure-sensitive sealing	<u>5.50</u>
Font size, font style, and/or ink color (for one, two, or all three)	1.10
Window	1.10
Additional Charges for premium options, per 500 envelopes	
Pressure-sensitive sealing	<u>16.20</u>
Font size, font style, and/or ink color (for one, two, or all three)	2.30
Window	2.30



*Special Services*  
*Ancillary Services*

	<b>(\$)</b>
Shipping—Boxes of 50	
1 box	<u>5.65</u>
2 boxes	<u>6.95</u>
3 boxes	<u>8.20</u>
4 boxes	<u>9.30</u>
5 boxes	<u>11.45</u>
6 boxes	<u>12.30</u>
7 boxes	<u>13.65</u>
8 boxes	<u>15.00</u>
9 or more boxes	<u>17.05</u>
Shipping—Boxes of 500	
1 box	<u>10.45</u>
2 or more boxes	<u>17.05</u>

*Special Services  
International Ancillary Services***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	<u>1.55</u>
Three or more pieces individually listed in a firm mailing book or an approved customer provided manifest (per piece)	<u>0.44</u>
Each additional copy of original certificate of mailing or firm mailing bills (each copy)	<u>1.55</u>

*Multiple Piece Prices*

	<b>(\$)</b>
Up to 1,000 identical-weight pieces (one certificate for total number)	<u>8.80</u>
Each additional 1,000 identical-weight pieces or fraction thereof	<u>1.10</u>
Duplicate copy	<u>1.55</u>

*Special Services  
International Ancillary Services***1510.2 International Registered Mail**

\*\*\*\*\*

## 1510.2.2 Prices

*Outbound International Registered Mail Prices*

	<b>(\$)</b>
Per Piece	<u>16.30</u>

*Special Services  
International Ancillary Services***1510.3 International Return Receipt**

\*\*\*\*\*

**1510.3.2 Prices***Outbound International Return Receipt Prices*

	<b>(\$)</b>
Per Piece	<u><b>4.25</b></u>

\*\*\*\*\*

*Special Services*  
*International Ancillary Services*

**1510.4 Customs Clearance and Delivery Fee**

\*\*\*\*\*

1510.4.2 Prices

	<b>(\$)</b>
Per Dutiable Item	<u><b>6.65</b></u>

*Special Services*  
*Address Management Services*

**1515**                    **Address Management Services**

\*\*\*\*\*

1515.1                Description

\*\*\*\*\*

*Labeling Lists*

Labeling Lists contain destination ZIP Code numbers with the corresponding Postal Service facility destination information. Copying is allowed for an additional fee.

\*\*\*\*\*

*Official National Zone Charts*

The Official National Zone Charts identify the appropriate distance code assigned to each originating and destination pairing for every ZIP Code in the nation. Copying is allowed for an additional fee.

\*\*\*\*\*

*ZIPMove*

The ZIPMove data file assists address-matching software in providing up-to-date, accurate ZIP + 4 codes. Copying is allowed for an additional fee.

\*\*\*\*\*

*Special Services  
Address Management Services*

## 1515.2 Prices

	(\$)
Address Sequencing	
Per correction (removal of each undeliverable address, or addition of each missing or new address)	<u>0.49</u>
Insertion of blanks	0.00
AEC II Service	
1-100 records resolved, minimum fee	<u>36.00</u>
Additional records resolved, per record	<u>0.36</u>
AIS (Address Information System) Viewer (per year, per site)	
City State Delivery Type Retrieval Annual Subscription	<u>85.00</u>
County Name Retrieval Annual Subscription	<u>85.00</u>
Delivery Statistic Retrieval Annual Subscription	<u>110.00</u>
ZIP + 4 Retrieval Annual Subscription	<u>85.00</u>
CRIS Route (per year)	
Per state (annual subscription)	<u>60.00*</u>
All States (annual subscription)	1000.00*
CASS Certification	
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>	1000.00

*Special Services  
Address Management Services*

	<b>(\$)</b>
Change-of-Address Information for Election Boards and Registration Commissions	
Per change of address	<u>0.49</u>
Change-of-Address Customer Notification Letter Reprint	<u>56.00</u>
City State (per year)	
All States (annual subscription)	<u>420.00*</u>
CDS (per address, per year)	<u>0.013</u>
Minimum (per year)	<u>65.00</u>
Correction of Address Lists	
Per submitted address	<u>0.49</u>
Minimum charge per list (30 items)	<u>14.70</u>
Delivery Statistics (per year)	
All States (annual subscription)	<u>425.00*</u>
DMM Labeling Lists	<u>66.00*</u>
DPV System (per year) <sup>3</sup>	<u>12,300.00</u>
DSF <sup>2</sup> Service (per year) <sup>4</sup>	<u>123,000.00</u>
Each additional location per year	<u>61,500.00</u>
Each additional platform per location per year	<u>61,500.00</u>
eLOT Service (per year)	
Per state (annual subscription)	<u>60.00</u>
All States (annual subscription)	1000.00*



*Special Services  
Address Management Services*

	(\$)
Five-Digit ZIP (per year)	
All States (annual subscription)	<u>605.00*</u>
LACSLink5	
Interface Developer (first year)	<u>1,225.00<sup>6</sup></u>
Interface Developer (each one-year extension)	370.00 <sup>6</sup>
Interface Distributor (per year)	<u>1,425.00<sup>7</sup></u>
Data Distributor (per year)	370.00
End User (per year)	370.00 <sup>8</sup>
MASS Certification	
MASS Manufacturers (MLOCR)	
Cycle Testing: (for next cycle) November – June	500.00 <sup>9</sup>
Cycle Testing: July	1000.00 <sup>9</sup>
Cycle Testing: (for current cycle) After July 31 <sup>st</sup>	1500.00 <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

*Special Services  
Address Management Services*

	<b>(\$)</b>
NCOA <sup>Link</sup> Service <sup>11</sup>	
Initial Interface Developer (first year fee)	<u>6,800.00</u>
Interface Developer (per each one year extension)	<u>1,350.00</u>
Interface Distributor (per year)	<u>32,750.00</u>
Full Service Provider (per year)	<u>230,000.00</u>
Full Service Provider Each Additional Site (per year)	<u>113,000.00</u>
Limited Service Provider (per year)	<u>19,200.00</u>
Limited Service Provider (per each one year extension)	
One Site only	<u>19,200.00</u>
Each additional site	<u>9,600.00</u>
ANKLink Service Option (per year)	
First Site	<u>4,500.00</u>
Each Additional Site	<u>2,100.00</u>
End User/MPE (first year)	<u>9,600.00</u>
End User/MPE (each renewal year)	
One site (each site for MPE)	<u>9,600.00</u>
Each additional site (End User only)	<u>4,500.00</u>
ANK <sup>Link</sup> Service Option (per year)	<u>980.00</u>
NCOA <sup>Link</sup> Test, Audit (each)	<u>1,350.00</u>
Official National Zone Charts (per year)	
Matrix	<u>65.00*</u>
RDI Service (per year) <sup>1</sup>	<u>385.00*</u>
Z4 Change (per year)	
All States	<u>3,650.00*</u>
ZIP + 4 Service (per year)	
Per state (annual subscription)	<u>60.00*</u>
All States (annual subscription)	1000.00*

*Special Services  
Address Management Services*

	(\$)
ZIP Code Sortation of Address Lists	
Per 1,000 addresses, or fraction	<u>155.00</u>
ZIP Move (per year)	
All States (annual subscription)	<u>130.00*</u>
99 Percent Accurate Method (per 1,000 addresses per year)	<u>1.25</u>
Minimum (per year)	<u>125.00</u>

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*Special Services  
Address Management Services***AMS Price Table for Single Issues or Additional Copies**

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<b>Number of Copies</b>	<b>*Price (from above)</b>	<b>Multiply by</b>	<b>Factor</b>
Single Issue	*Price	x	<u>0.75</u>
1-100	*Price	x	<u>2.0</u>
101-200	*Price	x	<u>4.0</u>
201-300	*Price	x	<u>6.0</u>
301-400	*Price	x	<u>8.0</u>
401-500	*Price	x	<u>10.0</u>
501-600	*Price	x	<u>12.0</u>
601-700	*Price	x	<u>14.0</u>
701-800	*Price	x	<u>16.0</u>
801-900	*Price	x	<u>18.0</u>
901-1000	*Price	x	<u>20.0</u>
1001-10,000	*Price	x	<u>25.0</u>
10,001 – 20,000	*Price	x	<u>30.0</u>
20,001 – 30,000	*Price	x	<u>35.0</u>
30,001 and over	*Price	x	<u>40.0</u>
Unlimited quantity of any of the following: Five-Digit ZIP, City State, CRIS, Delivery Statistics, eLot, RDI Service, Z4Change, ZIPMove, ZIP + 4, DMM Labeling Lists, Official National Zone Charts	<u>\$11,000.00</u>	n/a	n/a

*Special Services*  
*Caller Services***1520            Caller Service**

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1520.2            Prices

	<b>(\$)</b>
Groups based on Post Office location (Semi-Annual):	
Group 1	<u>830.00</u>
Group 2	<u>765.00</u>
Group 3	<u>705.00</u>
Group 4	<u>660.00</u>
Group 5	<u>630.00</u>
Group 6	<u>585.00</u>
Group 7	<u>560.00</u>
Call Number Reservation (Annual <sup>1</sup> )	<u>56.00</u>

\*\*\*\*\*

*Special Services*  
*International Business Reply Mail Service***1540 International Business Reply Mail Service**

\*\*\*\*\*

## 1540.3 Prices

*Outbound International Business Reply Mail Service Prices*

	<b>(\$)</b>
Card	<u>1.55</u>
Envelope	<u>2.05</u>

\*\*\*\*\*

*Special Services  
Money Orders***1545 Money Orders**

\*\*\*\*\*

## 1545.2 Prices

	(\$)		(\$)	(\$)
Domestic	0.01	to	500.00	<u>1.30</u>
Domestic	500.01	to	1,000.00	1.75
APO/FPO/DPO	0.01	to	1,000.00	0.45
Inquiry, including a copy of paid money order				6.25

*Special Services*  
*Post Office Box Service***1550 Post Office Box Service**

\*\*\*\*\*

1550.4 Prices

*Regular and No Fee*

Box Size	Semi-annual Fees <sup>1</sup> (Groups based on Post Office location) (\$)							
	1	2	3	4	5	6	7	E <sup>2</sup>
1	<u>58.00</u>	<u>46.00</u>	<u>38.00</u>	<u>32.00</u>	<u>28.00</u>	<u>24.00</u>	<u>22.00</u>	0.00
2	<u>85.00</u>	<u>70.00</u>	<u>57.00</u>	<u>46.00</u>	<u>38.00</u>	<u>33.00</u>	<u>29.00</u>	0.00
3	<u>148.00</u>	<u>119.00</u>	<u>98.00</u>	<u>75.00</u>	<u>61.00</u>	<u>48.00</u>	<u>43.00</u>	0.00
4	<u>270.00</u>	<u>223.00</u>	<u>181.00</u>	<u>139.00</u>	<u>106.00</u>	<u>78.00</u>	<u>64.00</u>	0.00
5	<u>422.00</u>	<u>349.00</u>	<u>285.00</u>	<u>239.00</u>	<u>171.00</u>	<u>136.00</u>	<u>112.00</u>	0.00

Box Size	3-Month Fees (Groups based on Post Office location) (\$)						
	1	2	3	4	5	6	7
1	<u>35.00</u>	<u>27.00</u>	<u>24.00</u>	<u>20.00</u>	<u>17.00</u>	<u>14.00</u>	<u>13.00</u>
2	<u>51.00</u>	<u>42.00</u>	<u>34.00</u>	<u>28.00</u>	<u>23.00</u>	<u>20.00</u>	<u>18.00</u>
3	<u>88.00</u>	<u>71.00</u>	<u>59.00</u>	<u>46.00</u>	<u>36.00</u>	<u>29.00</u>	<u>27.00</u>
4	<u>160.00</u>	<u>133.00</u>	<u>108.00</u>	<u>83.00</u>	<u>63.00</u>	<u>47.00</u>	<u>38.00</u>
5	<u>250.00</u>	<u>206.00</u>	<u>169.00</u>	<u>142.00</u>	<u>101.00</u>	<u>80.00</u>	<u>65.00</u>

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**1560 Stamp Fulfillment Services**

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**1560.2 Prices**

Orders mailed to domestic United States destinations	<b>(\$)</b>
Orders up to \$50.00	1.30 <sup>1</sup> ; add <u>2.35</u> <sup>2</sup> for custom orders
Orders over \$50.00	<u>1.85</u> <sup>1</sup> ; add <u>2.35</u> <sup>2</sup> for custom orders
Orders mailed to destinations outside of domestic United States	<b>(\$)</b>
Orders up to \$50.00	<u>6.95</u> add <u>2.35</u> <sup>2</sup> for custom orders
Orders over \$50.00	<u>7.50</u> add <u>2.35</u> <sup>2</sup> for custom orders

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