

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

Before Commissioners:

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

Market-Dominant Price Change

Docket No. R2021-2

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
July 19, 2021

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Attachment—Mail Classification Schedule

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(Issued July 19, 2021)

I. INTRODUCTION AND OVERVIEW

On May 28, 2021, the Postal Service filed notice of its planned price adjustments and related mail classification changes for Market Dominant products.¹ The planned price adjustments described in the Notice are the first to be filed and reviewed pursuant to the new regulations of 39 C.F.R. part 3030, which were finalized in Order No. 5763 and include new forms of rate authority.² The Commission applies the requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627,

¹ United States Postal Service Notice of Market-Dominant Price Change, May 28, 2021 (Notice).

² Docket No. RM2017-3, Order Adopting Final Rules for the System of Regulating Rates and Classes for Market Dominant Products, November 30, 2020 (Order No. 5763).

and 3629 to determine whether the Postal Service's proposals are consistent with applicable law. 39 C.F.R. § 3030.126(b).

The Commission concludes that the planned price adjustments, including workshare discounts, are consistent with the regulations of 39 C.F.R. part 3030 and applicable Commission directives and orders. The planned price adjustments are also 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 Commission also concludes that the planned classification changes, with the revisions described in the body of this Order, are consistent with applicable law. 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 as a result of this proceeding for each class as calculated by the Commission.

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

Class of Mail	Price Changes %	Total Unused Price Authority %
First-Class Mail	6.814	0.004
USPS Marketing Mail	6.814	0.002
Periodicals	8.771	0.037
Package Services	8.804	0.008
Special Services	6.808	0.005
Source: Library References PRC-LR-R2021-2-1 through PRC-LR-R2021-2-5, July 19, 2021.		

In Sections II. and III. of this Order, the Commission summarizes the relevant background and procedural history. In Section IV., the Commission resolves issues that apply across multiple classes relating to the proposed Calendar Year (CY) 2022

promotions and comments addressing the planned price adjustments generally. In Sections V. through IX., the Commission discusses the planned price adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services, respectively. Non-compensatory products, workshare discounts, mail classification changes, statutory preferential rates, nonprofit discounts, and class-specific comments are also discussed where applicable to a particular class.

II. BACKGROUND

On May 28, 2021, the Postal Service filed its first notice of a Market Dominant price change pursuant to the new 39 C.F.R. part 3030 regulations finalized in Order No. 5763. *See generally* Notice. The new regulations differ from the prior regulations in several key respects applicable to this proceeding.

First, the new regulations provide for multiple forms of rate authority. 39 C.F.R. § 3030.127(a). In particular, the maximum rate adjustment authority available to the Postal Service for each Market Dominant class is made up of the rate authority available under 39 C.F.R. part 3030, subpart C (Consumer Price Index Rate Authority); 39 C.F.R. part 3030, subpart D (Density Rate Authority); 39 C.F.R. part 3030, subpart E (Retirement Obligation Rate Authority); 39 C.F.R. part 3030, subpart G (Non-compensatory Classes or Products); and 39 C.F.R. part 3030, subpart H (Accumulation of Unused and Disbursement of Banked Rate Adjustment Authority). *Id.*

Pursuant to 39 C.F.R. part 3030, subpart C, the amount of Consumer Price Index Rate Authority available to the Postal Service for each class of mail in this proceeding is 1.244 percent. Notice at 3. Pursuant to 39 C.F.R. part 3030, subparts D and E, the Density Rate Authority and Retirement Obligation Rate Authority available to the Postal Service for each class of mail in this proceeding are 4.500 and 1.062 percent,

respectively.³ In addition, 39 C.F.R. part 3030, subpart G provides for an additional 2 percentage points of rate authority for any class of mail where the attributable cost for that class exceeded the revenue from that class. 39 C.F.R. § 3030.222(a). In FY 2020, the classes for which attributable cost exceeded revenue and are thus eligible for the additional 2 percentage points of rate authority are Periodicals and Package Services.⁴ Finally, the amount of banked rate authority pursuant to 39 C.F.R. part 3030, subpart H varies by class, ranging from 0.002 percent for Periodicals to 0.012 percent for First-Class Mail. Notice at 3. Added together, these forms of rate authority make up the total available rate adjustment authority available to the Postal Service for each class of mail in this proceeding, as shown in Table II-1.

Table II-1
Total Available Rate Adjustment Authority (By Class)

Class	CPI-U (%)*	Density (%)	Retirement (%)	Non-Compensatory (%)	Banked (%)	Total (%)
First-Class Mail	1.244	4.500	1.062	0.000	0.012	6.818
USPS Marketing Mail	1.244	4.500	1.062	0.000	0.010	6.816
Periodicals	1.244	4.500	1.062	2.000	0.002	8.808
Package Services	1.244	4.500	1.062	2.000	0.006	8.812
Special Services	1.244	4.500	1.062	0.000	0.007	6.813
<p>* Pursuant to 39 C.F.R. § 3030.143, the calculation for a Partial Year Limitation = (Recent Average/Previous Recent Average)–1. In the Notice, Attachment C, column “12-Month Total Divided by 12,” the value for April 2021 is 260.926 (Recent Average) and the value for August 2020 is 257.721 (Previous Recent Average). Thus, the Partial Year Limitation = (260.926/257.721)–1 = 1.244 percent.</p> <p>Source: Library References PRC-LR-R2021-2-1 through PRC-LR-R2021-2-5; Order No. 5861 at 4, 6.</p>						

Second, the regulations have requirements specific to non-compensatory products, which are products where the attributable cost for that product exceeds the revenue from that product. Whether a product is non-compensatory is determined by

³ *Id.*; Docket No. ACR2020, Determination of Available Market Dominant Rate Authority, April 6, 2021, at 4, 6 (Order No. 5861).

⁴ Docket No. ACR2020, *Annual Compliance Determination*, March 29, 2021, at 3, 20 (FY 2020 ACD); Order No. 5861 at 6; Notice at 4.

the Commission. 39 C.F.R. § 3030.220. The regulations provide that rates may not be reduced for any non-compensatory product. *Id.* § 3030.127(b). In addition, if a non-compensatory product is part of class of mail that is compensatory overall, the rates for each non-compensatory product must increase by a minimum of 2 percentage points above the percentage increase for that class. *Id.* § 3030.221. However, this requirement “does not apply to a non-compensatory product for which the Commission has determined that the Postal Service lacks independent authority to set rates (such as rates set by treaty obligation).” *Id.*

Third, 39 C.F.R. part 3030, subpart J contains new requirements for workshare discounts. If a workshare discount is equal to the cost avoided by the Postal Service,⁵ the size of the discount cannot be changed. *Id.* § 3030.282(a). If a workshare discount exceeds the cost avoided by the Postal Service, then the size of the discount cannot be increased. *Id.* § 3030.282(b). Likewise, if a workshare discount is less than the cost avoided by the Postal Service, then the size of the discount cannot be decreased. *Id.* § 3030.282(c).

In addition, the regulations provide specific limitations on how workshare discounts that do not equal avoided costs can be set. Workshare discounts that exceed the cost avoided by the Postal Service are permissible only if: (1) the proposed workshare discount is associated with a new postal service, a change to an existing postal service, or a new workshare initiative; (2) the proposed workshare discount is a minimum of 20 percent less than the existing workshare discount; or (3) the proposed workshare discount is provided in connection with a subclass of mail, consisting exclusively of mail matter of educational, cultural, scientific, or informational value and is

⁵ The cost avoided refers to the cost avoided by the Postal Service for not providing the applicable service that the worksharing mailer is providing in lieu of the Postal Service. For the purposes of this proceeding, the cost avoided by the Postal Service refers to the amount identified in the FY 2020 ACD. *Id.* § 3030.280.

in compliance with 39 C.F.R. § 3030.285(c).⁶ Workshare discounts that are less than the cost avoided by the Postal Service are permissible only if: (1) the proposed workshare discount is associated with a new postal service, a change to an existing postal service, or a new workshare initiative; (2) the proposed workshare discount is a minimum of 20 percent more than the existing workshare discount; or (3) the percentage passthrough⁷ for the proposed workshare discount is at least 85 percent.⁸

III. PROCEDURAL HISTORY

A. Notice and Initial Commission Action

On May 28, 2021, the Postal Service filed its Notice with the Commission pursuant to 39 C.F.R. part 3030. In its Notice, the Postal Service announced its intention to adjust the prices for Market Dominant products on August 29, 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

⁶ *Id.* § 3030.283. There is also an exception for workshare discounts that have received an advance waiver from the Commission pursuant to 39 C.F.R. § 3030.286 that is inapplicable to this proceeding. *Id.* § 3030.283(d).

⁷ The relationship between workshare discounts and avoided costs is usually expressed as a percentage called a passthrough, which is generally calculated by dividing the discount by the cost avoided. Workshare discounts with passthroughs below 100 percent are considered below avoided cost workshare discounts.

⁸ *Id.* § 3030.284. There is also an exception for workshare discounts that have received an advance waiver from the Commission pursuant to 39 C.F.R. § 3030.286. *Id.* § 3030.284(d). Prior to this proceeding, the Postal Service requested a waiver from the requirements of 39 C.F.R. § 3030.284 for the First-Class Mail Letters 5-Digit Automation workshare discount. Docket No. RM2021-5, United States Postal Service Application for Waiver Under 39 CFR 3030.286, March 26, 2021, at 1 (Docket No. RM2021-5 Application for Waiver). The Commission denied the Docket No. RM2021-5 Application for Waiver for failure to satisfy the requirements of 39 C.F.R. § 3030.286. Docket No. RM2021-5, Order Denying Postal Service Application for Waiver Under 39 C.F.R. § 3030.286, April 21, 2021, at 10-12 (Order No. 5873). Thus, the requirements of 39 C.F.R. § 3030.284 are applicable to the First-Class Mail Letters 5-Digit Automation workshare discount in this proceeding.

cap calculations, and the CY 2022 promotions schedule, respectively. Notice, Attachments A-D. The Postal Service filed six public library references and one non-public library reference in support of its Notice:

- Library Reference USPS-LR-R2021-2/1, May 28, 2021 First-Class Mail Workpapers
- Library Reference USPS-LR-R2021-2/2, May 28, 2021 USPS Marketing Mail Workpapers
- Library Reference USPS-LR-R2021-2/3, May 28, 2021 Periodicals Workpapers
- Library Reference USPS-LR-R2021-2/4, May 28, 2021 Package Services Workpapers
- Library Reference USPS-LR-R2021-2/5, May 28, 2021 Special Services Workpapers
- Library Reference USPS-LR-R2021-2/6, May 28, 2021 Seamless Volumes Workpapers
- Library Reference USPS-LR-R2021-2/NP1, May 28, 2021 First-Class Mail International and Inbound Letter Post 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-R2021-2/NP1.⁹

On June 1, 2021, the Commission issued Order No. 5905, which provided public notification of the Notice; established Docket No. R2021-2 to consider the planned price adjustments' consistency with applicable statutory and regulatory requirements;

⁹ See USPS Notice of Filing USPS-LR-R2021-2-NP1, May 28, 2021, Attachment 1.

appointed a Public Representative; and provided an opportunity for interested persons to comment.¹⁰

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. In addition, two questions were posed related to compliance with 39 C.F.R. part 3030,¹¹ to which the Postal Service responded with the required information.¹²

Five questions were posed to the Postal Service relating to First-Class Mail.¹³ In response to these questions, the Postal Service provided additional information regarding the new rate structure for Nonautomation Machinable and Nonmachinable Letters, the application of internal air conveyance to certain Inbound Letter Post mailpieces and the related impact on the price cap calculation, and the First-Class Mail

¹⁰ Notice and Order on Price Adjustments and Classification Changes for Market Dominant Products, June 1, 2021 (Order No. 5905).

¹¹ Chairman's Information Request No. 1, June 3, 2021, questions 7-8 (CHIR No. 1).

¹² Response of the United States Postal Service to Questions 1 and 5-8 of Chairman's Information Request No. 1, June 10, 2021, questions 7-8 (June 10 Response to CHIR No. 1).

¹³ Chairman's Information Request No. 2, June 4, 2021, question 1 (CHIR No. 2); Chairman's Information Request No. 3, June 9, 2021, questions 1-2 (CHIR No. 3); Chairman's Information Request No. 4, June 10, 2021, questions 1-2 (CHIR No. 4).

promotions, including related changes to Attachments A and D to the Notice.¹⁴

Twelve questions were posed to the Postal Service relating to USPS Marketing Mail.¹⁵ In response to these questions, the Postal Service provided additional information regarding workshare discounts, changes that need to be made for accuracy to Attachment A of the Notice related to the USPS Marketing Mail promotions, revisions to Library Reference USPS-LR-R2021-2/2 and Attachment A to the Notice necessary to correct an error related to Every Door Direct Mail (EDDM)—Retail volumes, and information required by the FY 2010 ACD.¹⁶

¹⁴ Response of the United States Postal Service to Questions 1-4 and 6-8 of Chairman's Information Request No. 2, June 11, 2021, question 1 (June 11 Response to CHIR No. 2); United States Postal Service Responses to Chairman's Information Request No. 3, June 16, 2021, questions 1-2 (Response to CHIR No. 3); Response of the United States Postal Service to Questions 1 and 3-9 of Chairman's Information Request No. 4, June 17, 2021, question 1 (June 17 Response to CHIR No. 4); Response of the United States Postal Service to Question 2 of Chairman's Information Request No. 4, June 21, 2021, question 2 (June 21 Response to CHIR No. 4). Portions of the Response to CHIR No. 3, question 1 were filed under seal in a new Library Reference. See USPS Notice of Filing USPS-LR-R2021-2-NP2, June 16, 2021 (USPS-LR-R2021-2-NP2 Notice). Attachment 1 to the USPS-LR-R2021-2-NP2 Notice contains an Application for Non-Public Treatment of Library Reference USPS-LR-R2021-2-NP2. USPS-LR-R2021-2-NP2 Notice, Attachment 1. The Postal Service also motioned for late acceptance of the June 21 Response to CHIR No. 4, stating that it "required additional time to confirm changes to Attachments A and D" and that "it would appear that no party will be prejudiced." Motion of the United States Postal Service for Late Acceptance of Response to Chairman's Information Request No. 4, June 21, 2021, at 1 (June 21 Motion). The June 21 Motion is granted.

¹⁵ CHIR No. 1, question 1; CHIR No. 2, questions 2-4; CHIR No. 3, question 3; CHIR No. 4, questions 3-5; Chairman's Information Request No. 5, June 14, 2021, question 1 (CHIR No. 5); Chairman's Information Request No. 7, June 22, 2021, question 1 (CHIR No. 7); Chairman's Information Request No. 8, July 12, 2021, questions 1-2 (CHIR No. 8).

¹⁶ June 10 Response to CHIR No. 1, question 1; Notice of the United States Postal Service of Filing Errata to its Response to Question 1 of Chairman's Information Request No. 1, June 11, 2021 (attaching omitted workpapers); June 11 Response to CHIR No. 2, questions 2-4; Response to CHIR No. 3, question 3; June 17 Response to CHIR No. 4, questions 3-5; United States Postal Service Responses to Chairman's Information Request No. 5, June 21, 2021, question 1 (Response to CHIR No. 5); USPS Notice of Filing Amended Library References, June 21, 2021 (noticing the filing of USPS-LR-R2021-2-REV-6-21-21); United States Postal Service Notice of Errata and Revisions, June 21, 2021, at 1-2 (Postal Service Errata); United States Postal Service Response to Question 1 of Chairman's Information Request No. 7, June 24, 2021, question 1 (Response to Question 1 of CHIR No. 7); Response of the United States Postal Service to Chairman's Information Request No. 8, July 12, 2021, questions 1-2 (Response to CHIR No. 8).

Eleven questions were posed to the Postal Service relating to Periodicals.¹⁷ In response to these questions, the Postal Service provided additional information regarding the bottom-up costs for trays and workshare discounts, revised Attachment B to the Notice, provided revised pages to Attachment A to the Notice, revised several Periodicals prices, and revised Library Reference USPS-LR-R2021-2/3.¹⁸

One question was posed to the Postal Service relating to Package Services. CHIR No. 1, question 6. In response to this question, the Postal Service clarified the average price increase and remaining pricing authority for the Package Services class. June 10 Response to CHIR No. 1, question 6.

Seven questions were posed to the Postal Service relating to Special Services.¹⁹ In response to these questions, the Postal Service provided additional detail regarding International Ancillary Services' non-compensatory status, revised Library Reference USPS-LR-R2021-2/5, provided additional information about revised Library Reference USPS-LR-R2021-2/5 and the Special Services' billing determinants, and provided

¹⁷ CHIR No. 1, questions 2-5; CHIR No. 2, questions 5-8; CHIR No. 5, question 2; Chairman's Information Request No. 6, June 15, 2021, questions 1-2 (CHIR No. 6).

¹⁸ June 10 Response to CHIR No. 1, question 5; June 11 Response to CHIR No. 2, questions 6-8; Response of the United States Postal Service to Questions 2-4 of Chairman's Information Request No. 1, June 14, 2021, questions 2-4 (June 14 Response to CHIR No. 1); Response of the United States Postal Service to Question 5 of Chairman's Information Request No. 2, June 14, 2021, question 5 (June 14 Response to CHIR No. 2); USPS Notice of Filing Revised Library Reference – USPS-LR-R2021-2/3 Periodicals Workpapers, June 14, 2021; Response to CHIR No. 5, question 2; Response of the United States Postal Service to Questions 1 and 2 of Chairman's Information Request No. 6, June 21, 2021, questions 1-2 (Response to Questions 1 and 2 of CHIR No. 6); USPS Notice of Filing Amended Library References, June 21, 2021 (noticing the filing of USPS-LR-R2021-2-3-REV-6-21-21); Postal Service Errata at 2-4. The Postal Service motioned for late acceptance of the June 14 Response to CHIR No. 1 and the June 14 Response to CHIR No. 2, stating that "additional time was required for high level review and approval" and that "it would appear that no party will be prejudiced." Motion of the United States Postal Service for Late Acceptance of Responses to Chairman's Information Request Nos. 1 and 2, June 14, 2021, at 1 (June 14 Motion). The June 14 Motion is granted.

¹⁹ CHIR No. 3, question 4; CHIR No. 4, questions 6-9; CHIR No. 6, question 3; CHIR No. 7, question 2.

additional explanation for the planned changes to the proration schedule for certain Address Management Services.²⁰

C. Comments

The Commission received comments on the planned price adjustments from the following participants: the Association of National Advertisers and the Association of National Advertisers Nonprofit Federation (ANA), Raymond Briggs, Lilit Danielyan, Disabled American Veterans (DAV), the Greeting Card Association (GCA), JLS Mailing Services (JLS), MPA - The Association of Magazine Media (MPA) and the Alliance of Nonprofit Mailers (ANM), the National Association of Presort Mailers (NAPM), the National Postal Policy Council (NPPC), the National Rural Electric Cooperative Association (NRECA), the News Media Alliance (NMA), the North Carolina Association of Electric Cooperatives (NC Electric Cooperatives), the North Dakota Association of Rural Electric Cooperatives (ND Electric Cooperatives), Pioneer Utility Resources, Inc. (Pioneer Utility), Pitney Bowes Inc. (Pitney Bowes), the Association for Postal

²⁰ Response to CHIR No. 3, question 4; June 17 Response to CHIR No. 4, questions 6-9; USPS Notice of Filing Public Library Reference, June 17, 2021 (noticing the filing of revised USPS-LR-R2021-2-5); Response of the United States Postal Service to Question 3 of Chairman's Information Request No. 6, June 21, 2021, question 3 (Response to Question 3 of CHIR No. 6); Response of the United States Postal Service to Question 2 of Chairman's Information Request No. 7, June 24, 2021, question 2 (Response to Question 2 of CHIR No. 7). The Response to CHIR No. 3, question 4 was filed under seal in a non-public Library Reference. See USPS-LR-R2021-2-NP2 Notice.

Commerce (PostCom), and the Public Representative.²¹ This Order summarizes and analyzes these comments where relevant to the issues presented.

IV. RESOLUTION OF CROSS-CLASS ISSUES

This section resolves issues that apply across multiple classes relating to the proposed CY 2022 promotions and comments that generally object to the Postal Service's planned price adjustments or otherwise address the planned price adjustments more generally.

A. CY 2022 Promotions

1. Introduction

The Postal Service plans to continue offering six promotions applicable to First-Class Mail and USPS Marketing Mail during CY 2022. Notice at 29-30. Four of

²¹ Comments by the ANA and the ANA Nonprofit Federation, June 28, 2021 (ANA Comments); Statement of Position from Raymond Briggs, June 17, 2021 (Briggs Comments); Statement of Position from Lilit Danielyan, June 1, 2021 (Danielyan Comments); Comment of Disabled American Veterans (DAV), June 28, 2021 (DAV Comments); Comments of the Greeting Card Association, June 28, 2021 (GCA Comments); Notice of Erratum, June 29, 2021, Attachment (JLS Comments); Comments of MPA – the Association of Magazine Media and the Alliance of Nonprofit Mailers, June 28, 2021 (MPA/ANM Comments); Comments of the National Association of Presort Mailers, June 28, 2021 (NAPM Comments); Comments of the National Postal Policy Council, June 28, 2021 (NPPC Comments); Comments of the National Rural Electric Cooperative Association, June 28, 2021 (NRECA Comments); Comments of the News Media Alliance, June 28, 2021 (NMA Comments); Comment of North Carolina Association of Electric Cooperatives, June 28, 2021 (NC Electric Cooperatives Comments); Comment of North Dakota Association of Rural Electric Cooperatives, June 28, 2021 (ND Electric Cooperatives Comments); Comment of Pioneer Utility Resources, June 28, 2021 (Pioneer Utility Comments); Comments of Pitney Bowes Inc., June 28, 2021 (Pitney Bowes Comments); Comments of the Association for Postal Commerce, June 28, 2021 (PostCom Comments); Public Representative Corrected Comments, June 29, 2021 (PR Comments). The Public Representative initially filed comments on June 28, 2021. On June 29, 2021, he filed corrected comments along with a motion seeking authority to file the corrected comments, which replace an illegible table. Motion of the Public Representative to File Corrected Comments, June 29, 2021 (PR Motion). The PR Motion is granted and citations to PR Comments in this Order reference the corrected comments. Similarly, JLS filed a Notice of Erratum on June 29, 2021 with a revised version of its comments attached. References in this Order to JLS Comments reference the revised comments.

the planned promotions apply to both eligible First-Class Mail products and eligible USPS Marketing Mail products—the Tactile, Sensory, and Interactive Mailpiece Engagement Promotion; the Emerging and Advanced Technology Promotion; the Earned Value Reply Mail Promotion; and the Informed Delivery Promotion. *Id.* at 30. In addition, the Personalized Color Transpromo Promotion applies only to eligible First-Class Mail, and the Mobile Shopping Promotion applies only to eligible USPS Marketing Mail. *Id.*; June 17 Response to CHIR No. 4, question 1. All six promotions were offered in CY 2021 although several have changes for CY 2022.²²

2. Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(Feb. 1 – Jul. 31, 2022)

The Postal Service plans to offer an upfront 4 percent postage discount on First-Class Mail letters, cards, and flats, and USPS Marketing Mail letters and flats that meet the Tactile, Sensory, and Interactive Mailpiece Engagement Promotion requirements. Notice at 33. The Postal Service states that the CY 2022 promotion would encourage mailers to enhance customer engagement with mailpieces by using “advanced print innovations in paper and stock, substrates, inks, interactive elements, and finishing techniques.” *Id.*

²² Notice at 30. Key differences include that the Tactile, Sensory, and Interactive Mailpiece Engagement Promotion has been extended to eligible First-Class Mail letters, cards, and flats and offers an increased 4 percent discount. See *id.*, Attachment A, at 18; June 17 Response to CHIR No. 4, question 1. The Emerging and Advanced Technology Promotion offers a 2 or 3 percent discount depending on the technology used when in CY 2021 only a 2 percent discount was offered. See Notice at 30, 31-32; *id.*, Attachment A at 18. The Personalized Color Transpromo Promotion offers a 3 percent upfront discount rather than the 2 percent one offered in CY 2021. Notice at 30. The Informed Delivery Promotion offers an increased discount of 4 percent (up from 2 percent in CY 2021). *Id.* In addition, the Mobile Shopping and Informed Delivery Promotions are offered during different time periods in CY 2022. See Notice, Attachment A at 44.

3. Emerging and Advanced Technology Promotion
(Mar. 1 – Aug. 31, 2022)

The Postal Service plans to offer an upfront 2 or 3 percent postage discount on eligible First-Class Mail letters, cards, and flats, and USPS Marketing Mail letters and flats that meet the Emerging and Advanced Technology Promotion requirements. *Id.* at 31. The promotion “encourages mailers to incorporate mobile and other technologies into their mailpieces.” *Id.* To qualify for the 2 percent discount, “eligible techniques include Enhanced Augmented Reality (AR) and Basic Integration with Voice Assistant.” *Id.* Techniques eligible for the 3 percent discount “include Video in Print, NFC, Virtual Reality (VR)/Mixed Reality (MR), and Advanced Integration with Voice Assistant.” *Id.* at 31-32.

4. Earned Value Reply Mail Promotion
(Apr. 1 – Jun. 30, 2022)

The Postal Service plans to offer a \$0.02 postage credit for each eligible Business Reply Mail, Courtesy Reply Mail, and Share Mail piece entered into the mailstream and scanned during the promotion period. *Id.* at 31. The Postal Service explains that credits may be applied to postage for future mailings of First-Class Mail presort and automation cards, letters, and flats and USPS Marketing Mail letters and flats. *Id.* The Postal Service states that unused credits will expire December 31, 2022. *Id.*

5. Personalized Color Transpromo Promotion
(July 1 – Dec. 31, 2022)

The Postal Service plans to offer an upfront 3 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 33. The promotion encourages mailers “to incorporate color marketing messaging in order to foster a better connection and response from their customers” and “to invest in color print technology.”

Id. 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 2022 promotion unless it meets specific exceptions. June 21 Response to CHIR No. 4, question 2.a.; *id.*, Attachment 1. 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 2022 promotion. *Id.*

6. Mobile Shopping Promotion
(Sept. 1 – Dec. 31, 2022)

The Postal Service plans to offer an upfront 2 percent postage discount on USPS Marketing Mail letters and flats that meet the Mobile Shopping Promotion requirements. Notice at 32. The Postal Service asserts that the CY 2022 promotion encourages mailers “to integrate their direct mail pieces with technologies...that facilitate a convenient online shopping experience for consumers during the holiday season.” *Id.*

7. Informed Delivery Promotion
(Aug. 1 – Dec. 31, 2022)

The Postal Service plans to offer an upfront 4 percent discount off postage for First-Class Mail automation letters, cards, and flats and USPS Marketing Mail automation letters and flats “that incorporate best practices and techniques in their Informed Delivery campaigns.” *Id.* The Postal Service intends for this promotion to continue increasing the adoption rate of the Postal Service’s Informed Delivery platform. *Id.*

8. Comments

The Public Representative states that the proposed promotions are consistent with applicable law and the requirements of 39 C.F.R. part 3030. PR Comments at 21. NAPM supports the proposed promotions, stating they help retain volume and mitigate the impact of price increases and are supported by various objectives and factors of

39 U.S.C. § 3622(b) and (c). NAPM Comments at 5. NAPM suggests the Commission encourage the Postal Service to develop additional promotions and simplify existing promotions requirements. *Id.*

9. Commission Analysis

The Commission approves all CY 2022 promotions as proposed.²³ The Commission encourages the Postal Service to engage in dialogue with its stakeholders regarding the potential to develop additional proposals for promotional pricing in the future as well as the potential to make changes to existing promotions to simplify requirements for stakeholders.

Over the course of this proceeding, several typographical errors in Attachment A to the Notice related to the CY 2022 promotions were identified. In CHIR responses, the Postal Service confirmed the correct language.²⁴ The Commission has corrected those errors in the Attachment to this Order. The Postal Service also provided revisions to the MCS language related to the Personalized Color Transpromo Promotion with the June 21 Response to CHIR No. 4. June 21 Response to CHIR No. 4, Attachment 1. Those changes have also been incorporated into the Attachment to this Order.

²³ The Commission notes that the Personalized Color Transpromo Promotion has differing requirements for prior year and new participants as it did in CY 2021. June 21 Response to CHIR No. 4, question 2.a.; *id.*, Attachment 1. In Docket No. R2021-1, the Commission noted that the structure of the CY 2021 Personalized Color Transpromo Promotion could be interpreted as raising issues that were the subject of a previous Commission rulemaking and stated that the Commission would consider these issues in a new rulemaking. 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, November 18, 2020, at 11 n.17 (Order No. 5757). See Docket No. RM2020-5, Order Adopting Final Rules Regarding Rate Incentives for Market Dominant Products, May 15, 2020, at 6-7, 10-11 (Order No. 5510); Docket No. RM2020-5, Notice of Intent to Reconsider, August 26, 2020, at 2 (Order No. 5655). Those issues remaining pending before the Commission.

²⁴ June 11 Response to CHIR No. 2, question 2; June 17 Response to CHIR No. 4, questions 3-5; Response to CHIR No. 8, questions 1-2.

The Commission also notes the majority of the proposed MCS changes shown in the Attachment to this Order go into effect with the new prices on August 29, 2021. However, that is not true of the CY 2022 promotions because several of the CY 2021 promotions will still be on-going on and after August 29, 2021 and should not be overridden in the MCS by the CY 2022 promotions. As a result, the MCS changes related to the CY 2022 promotions should not be added to the MCS until January 1, 2022. Thus, the promotion-related MCS changes in sections 1110.4, 1110.5, 1115.4, 1115.5, 1205.5, 1205.6, 1210.5, 1210.6, 1215.5, 1215.6, 1220.5, 1220.6, 1225.5, and 1225.6 are not effective until January 1, 2022.

B. Comments Generally Addressing the Planned Price Adjustments

1. Introduction

Multiple commenters raise objections and make comments generally addressing the Postal Service's planned price adjustments that are not targeted toward a specific class, product, or rate cell.²⁵ In this Section, the Commission summarizes and addresses those comments by topic. Topics addressed in this Section include the legality of above inflation price increases, the calculation of the available consumer price index for all urban consumers (CPI-U) Rate Authority, the applicability of the objectives and factors of 39 U.S.C. § 3622(b) and (c) to this proceeding, the schedule for regular and predictable rate adjustments, the necessity of the rate adjustments as

²⁵ 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-R2021-2-3, Excel file "PRC-CAPCALC-PER-R2021-2.xlsx."

related to the Postal Service's financial health, the application of the rules in 39 C.F.R. part 3030, subpart J, service performance and reductions in service standards, the effects of the proposed price adjustments, pricing incentives, the Postal Service's use of the available pricing authority, the application of 39 C.F.R. § 3030.121(b), and the Retirement Obligation Rate Authority. To the extent comments raise specific issues or topics covered elsewhere in this Order, those comments are addressed where relevant to the issues presented.

2. The Legality of Above Inflation Price Increases

Comments. Multiple commenters generally allege above inflation price increases violate 39 U.S.C. § 3622(d)(1) and that the Postal Service cannot raise prices above inflation.²⁶ MPA and ANM claim that the proposed price adjustments are “illegal” because they “violate the straightforward, unambiguous language” of 39 U.S.C. § 3622(d)(1)(A). MPA/ANM Comments at 3. PostCom also argues that the Commission lacks the legal authority to authorize above inflation price adjustments and reiterates many of the statutory interpretation arguments raised in Docket No. RM2017-3. PostCom Comments at 2. PostCom, MPA and ANM, and NPPC all acknowledge that this issue is before the United States Court of Appeals for the District of Columbia Circuit (Court of Appeals for the D.C. Circuit) in the pending appeal of Docket No. RM2017-3.²⁷ PostCom urges the Commission to delay implementation of the price increases “to allow the court to resolve this question of the Commission’s authority.”²⁸ In addition, MPA and ANM newly assert that the recent Supreme Court decision in *AMG Capital Mgmt. v. Fed. Trade Comm’n* supports their reading of

²⁶ See, e.g., MPA/ANM Comments at 3; NRECA Comments at 2; NMA Comments at 1 n.2; Pioneer Utility Comments at 2-3; PostCom Comments at 1-2; NPPC Comments at 1.

²⁷ PostCom Comments at 2; MPA/ANM Comments at 4; NPPC Comments at 1 n.3.

²⁸ PostCom Comments at 3. See ANA Comments at 6 (acknowledging the appeal before the Court of Appeals for the D.C. Circuit could lead to additional uncertainty and urging the Commission to reject the proposed price increases).

39 U.S.C. § 3622(d). MPA/ANM Comments at 4 (citing *AMG Capital Mgmt. v. Fed. Trade Comm'n*, 141 S.Ct. 1341 (2021)).

Commission analysis. As described in Section II., *supra*, this is the first price change filed pursuant to the modified Market Dominant ratemaking system and new 39 C.F.R. part 3030 regulations finalized in Order No. 5763. Prior to the modifications to the Market Dominant ratemaking system finalized in Order No. 5763, price increases for Market Dominant products were generally capped at the rate of inflation as measured by the change in CPI-U.²⁹ In Docket No. RM2017-3, the Commission undertook the review required by 39 U.S.C. § 3622(d)(3). That provision required the Commission to review the initial Market Dominant ratemaking system 10 years after the enactment of the Postal Accountability and Enhancement Act, Pub. L. 109-435, 120 Stat. 3198 (2006) (PAEA) to determine if the initial ratemaking system had achieved 9 statutory objectives specified by the PAEA, taking into account 14 statutory factors. 39 U.S.C. § 3622(b), (c), and (d)(3). If the Commission determined that the initial ratemaking system had not achieved the statutory objectives, taking into account the statutory factors, then the Commission is permitted to, “by regulation, make such modification or adopt such alternative system . . . as necessary to achieve the objectives.” 39 U.S.C. § 3622(d)(3).

The Commission found that the Market Dominant ratemaking system failed to achieve the statutory objectives, taking into account the statutory factors.³⁰ The Commission, therefore, set about the task of “mak[ing] such modification or adopt[ing] such alternative system . . . as necessary to achieve the objectives.” 39 U.S.C.

²⁹ See 39 U.S.C. § 3622(d)(1)(A). The Commission notes that the Postal Service was previously allowed to exceed CPI-U due to banked rate authority (39 U.S.C. § 3622(d)(2)(C)) and due to “extraordinary or exceptional circumstances” (39 U.S.C. § 3622(d)(1)(E)). Neither of those forms of rate authority are at issue here.

³⁰ Docket No. RM2017-3, Order on the Findings and Determination of the 39 U.S.C. § 3622 Review, December 1, 2017 (Order No. 4257).

§ 3622(d)(3). On the same day that it released its findings, the Commission issued a notice of proposed rulemaking proposing a number of regulatory modifications to the initial ratemaking system intended to enable the system to achieve the statutory objectives and seeking comments on its proposals.³¹ Based on the comments received, the Commission issued a revised notice of proposed rulemaking, again seeking public comment on the Commission's further revised proposals.³² On November 30, 2020, the Commission issued Order No. 5763, which adopted final rules for the modified Market Dominant ratemaking system. As described in Section II., *supra*, the new regulations provided for multiple forms of rate authority tied to specific drivers of the previous system's failure to achieve the objectives, in addition to rate authority derived from the change in CPI-U. See 39 C.F.R. § 3030.127(a).

One of the primary areas of dispute in Docket No. RM2017-3 was whether 39 U.S.C. § 3622(d)(3) provides the Commission with the authority to modify the CPI-U price cap. Throughout the docket, multiple parties provided comments arguing that the Commission did not have the authority to modify the CPI-U price cap, while the Commission provided extensive legal analysis addressing the arguments raised by commenters and supporting its view of the authority plainly granted by 39 U.S.C. § 3622(d)(3).³³ Ultimately, the Commission maintained that 39 U.S.C. § 3622(d)(3) expressly authorizes it with statutory authority to modify all aspects of the ratemaking system under section 3622, including the price cap provisions at paragraphs (d)(1) and (d)(2), and thus stated that "the final rules adopted in . . . [Order No. 5763] would survive judicial scrutiny under *Chevron* step one." Order No. 5763 at 37, 39. The Commission further stated that "even if there were any ambiguity as to whether the

³¹ Docket No. RM2017-3, Notice of Proposed Rulemaking for the System for Regulating Rates and Classes for Market Dominant Products, December 1, 2017 (Order No. 4258).

³² Docket No. RM2017-3, Revised Notice of Proposed Rulemaking, December 5, 2019 (Order No. 5337).

³³ Order No. 4258 at 4-25; Order No. 5337 at 16-58; Order No. 5763 at 32-71.

Commission had the authority to adopt the final rules, because the Commission's interpretation is based on a permissible and reasonable construction of section 3622, the Commission would be accorded deference under *Chevron* step two." *Id.* at 39.

As the commenters acknowledge, this issue is now before the Court of Appeals for the D.C. Circuit.³⁴ Although the Commission appreciates the commenters' desire to maintain consistent positions on this issue, the appropriate forum for resolution of the scope of the Commission's legal authority under 39 U.S.C. § 3622(d)(3) is the Court of Appeals for the D.C. Circuit in the currently pending appeal and not this proceeding. Because the Court of Appeals for the D.C. Circuit previously denied a request to stay implementation of the final rules pending appeal,³⁵ the final rules promulgated by Order No. 5763, including the additional forms of rate authority contained therein, have been implemented and are current law. As a result, the Commission finds there is no basis to delay implementation of the planned price increases utilizing the new forms of rate authority until the appeal is resolved.

As it pertains to MPA's and ANM's claim that the recent Supreme Court decision in *AMG Capital Mgmt. v. Fed. Trade Comm'n* supports their reading of 39 U.S.C. § 3622(d), the Commission notes that MPA and ANM provide no specific analysis supporting this claim and simply quote phrases from the decision without any additional context. MPA/ANM Comments at 4. After review of the decision, the Commission observes no similarities between the statutory interpretation question before the Supreme Court in *AMG* and the Commission's legal authority pursuant to 39 U.S.C. § 3622(d)(3). In *AMG*, the Supreme Court found Section 13(b) of the Federal Trade Commission Act did not authorize the Federal Trade Commission to bypass its administrative process and seek "equitable monetary relief such as restitution or

³⁴ PostCom Comments at 2; MPA/ANM Comments at 4; NPPC Comments at 1 n.3.

³⁵ *Nat'l Postal Policy Council v. Postal Reg. Comm'n*, No. 17-1276 (D.C. Cir. Mar. 1, 2021), ECF Document No. 1887800, at 1.

disgorgement” from the federal courts under a provision allowing for “permanent injunction” because among other reasons, “the provision focuses upon relief that is prospective, not retrospective” and the overall structure of the statute supports a different interpretation. *AMG*, 141 S.Ct. at 1344, 1348, 1349. The statutory language at issue in *AMG* does not appear to have any parallels to the language used by Congress in 39 U.S.C. § 3622(d)(3).

3. The Calculation of the Available CPI-U Rate Adjustment Authority

Comments. NPPC argues that the Postal Service’s proposed rates violate the PAEA’s annual limitation provision, which provides that the Market Dominant ratemaking system shall, *inter alia*:

[I]nclude an annual limitation on the percentage changes in rates to be set by the Postal Regulatory Commission that will be equal to the change in the Consumer Price Index for All Urban Consumers unadjusted for seasonal variation over the most recent available 12-month period preceding the date the Postal Service files notice of its intention to increase rates.

NPPC Comments at 2; 39 U.S.C. § 3622(d)(1)(A). However, separate from the arguments that the new additional forms of rate authority violate 39 U.S.C. § 3622(d)(1)(A), NPPC alleges that the way the CPI-U Rate Authority of 39 C.F.R. part 3030, subpart C was calculated in this proceeding violates 39 U.S.C. § 3622(d)(1)(A). NPPC Comments at 2-3.

Specifically, NPPC asserts that, when added to the CPI-U rate increases the Commission approved in Docket No. R2021-1, which took effect in January 2021, the CPI-U portion of the price increases proposed in this proceeding exceeds CPI-U over the 12-month period preceding May 2021, when this proceeding was initiated. *Id.* at 2-5. NPPC maintains that “the plain language of Section 3622(d) appears to limit not only the amount by which the Postal Service may raise market-dominant rates based on CPI[-U] looking back, but also the cumulative amount by which the Postal Service is

able to raise rates over any 12-month period.” *Id.* at 3. NPPC claims that this “prevents the Postal Service from imposing maximum cumulative rate increases within a comparatively short period of time.” *Id.* at 4. NPPC states that the 1.244 percent of CPI-U Rate Authority from this proceeding,

[W]hen added to the 1.831 percent increase that took effect in January 2021 (as a result of Docket No. R2021-1) results in a total increase of 3.075 percent[,] . . . [which exceeds] CPI[-U] for the most recent 12-month period preceding . . . May 28[,] . . . [the date the Notice was filed in this proceeding], which was approximately 1.55 percent.

Id. at 3. NPPC asserts that this is “a question of first impression” and that it “is unaware that this timing issue has been addressed in any previous rate case.” *Id.* at 2, 4.

Commission analysis. As a preliminary matter, the Commission notes that although the Commission allowed for additional forms of rate authority as a result of Docket No. RM2017-3, the Commission also retained the CPI-U Rate Authority as part of the overall price cap in 39 C.F.R. part 3030, subpart C. In doing so, the Commission did not make changes to the way it calculates the amount of CPI-U Rate Authority in rate adjustment proceedings and continued using the methods for calculating the CPI-U Rate Authority that have been utilized in Market Dominant rate adjustment proceedings since the passage of the PAEA.

Although the PAEA calls for an annual limitation based on the change in CPI-U “over the most recent available 12-month period preceding the date the Postal Service files notice of its intention to increase rates,” 39 U.S.C. § 3622(d)(1)(A), no provision of the PAEA limits how frequently the Postal Service can seek to adjust rates. Furthermore, allowing pricing flexibility for the Postal Service is one of the explicit objectives for the Market Dominant ratemaking system under the PAEA. 39 U.S.C. § 3622(b)(4) (Objective 4). In Docket No. RM2017-3, the Commission found that allowing the Postal Service to exercise broad discretion over the timing of price changes was an important element of the achievement of Objective 4. Order No. 4257 at 144.

In order, therefore, to implement section 3622(d)(1)(A)'s requirement in a way that could be effectively administered, the Commission promulgated rules adopting a "moving average" method for calculating the annual limitation that utilizes monthly CPI-U values derived from the Bureau of Labor Statistics.³⁶ Although NPPC claims that how to interpret and apply 39 U.S.C. § 3622(d)(1)(A) is an issue of first impression in this proceeding, both the interpretation of 39 U.S.C. § 3622(d)(1)(A) and the correct methodology to apply were extensively contemplated when rules were initially implemented following the PAEA's enactment. See NPPC Comments at 2; Order No. 26 at 25-27. These rules and the Commission's methodology were supported by the majority of commenters, including NPPC, at the time they were promulgated with commenters, including NPPC, generally agreeing the approach was consistent with the statute.³⁷

In accordance with those rules, when a Postal Service request to adjust rates is filed exactly 12 months after the most recent rate adjustment, then the annual limitation is calculated using the average of the most recently available 12 monthly CPI-U values (a full-year limitation). 39 C.F.R. § 3030.142; see Order No. 26 at 28. When a Postal Service request to adjust rates is filed more than 12 months after the most recent rate adjustment, then the annual limitation is limited to the average of the most recently available 12 monthly CPI-U values (a full-year limitation), consistent with 39 U.S.C. § 3622(d)(1)(A), with any interim months between the most recently approved rate change and the 12 months immediately preceding the proposed rate change being

³⁶ See 39 C.F.R. part 3030, subparts B and C. See also Docket No. RM2007-1, Order Proposing Regulations to Establish a System of Ratemaking, August 15, 2007, at 25-27 (Order No. 26).

³⁷ Docket No. RM2007-1, Comments of National Postal Policy Council on Order No. 26, September 24, 2007, at 5-6 ("The 'moving average' average method proposed by the Commission for calculating the CPI-U limitation is reasonable and consistent with the statute."); Order No. 26 at 25-26.

credited to the Postal Service as “interim” unused rate authority, which is separately authorized pursuant to 39 U.S.C. § 3622(d)(2)(C).³⁸

When, as is the case in the instant proceeding, a Postal Service request to adjust rates is filed less than 12 months after the most recent rate adjustment, then the annual limitation is reduced to a “partial year limitation,” calculated using the average of the most recently available 12 monthly CPI-U values as compared to the most recently available 12 monthly CPI-U values from the most recently approved rate adjustment. See 39 C.F.R. § 3030.143; Order No. 26 at 29. When the Commission initially proposed this approach, it stated that without this adjustment the Postal Service would benefit from double counting months of CPI-U data, which would violate the statutory limitation of 39 U.S.C. § 3622(d)(1)(A). Order No. 26 at 29. The Commission found that the partial year limitation remedied that problem. *Id.*

The Commission notes that the CPI-U average for the 12-month period preceding the Notice in this proceeding (May 2020 – April 2021) is 1.501 percent, not 1.55 percent as represented by NPPC.³⁹ Consistent with the Commission’s long-standing rules, because the instant rate adjustment request was filed less than 12 months after the rate adjustment request in Docket No. R2021-1, the annual limitation

³⁸ See 39 C.F.R. § 3030.142; *id.* § 3030.243; Order No. 26 at 30-31; Docket No. RM2013-2, Notice of Proposed Rulemaking Requesting Comments on Proposed Commission Rules for Determining and Applying the Maximum Amount of Rate Adjustments, March 22, 2013, at 8-9 (Order No. 1678); Docket No. RM2013-2, Order Adopting Final Rules for Determining and Applying the Maximum Amount of Rate Adjustments, July 23, 2013, at 12-13 (Order No. 1786).

³⁹ Pursuant to 39 C.F.R. § 3030.142, the calculation for a Full Year Limitation = (Recent Average/Base Average)–1, expressed as a percentage, rounded to three decimal places. In the Notice, Attachment C, column “12-Month Total Divided by 12,” the value for April 2021 is 260.926 (Recent Average) and the value for April 2020 is 257.067 (Base Average). Thus, the Full Year Limitation = (260.926/257.067)–1 = 1.501 percent.

must be adjusted to reflect the effects of the prior rate increase.⁴⁰ The adjusted partial year limitation based on the 8 month period between the rate adjustment request in Docket No. R2021-1 and the instant rate adjustment request (September 2020 – April 2021) is 1.244 percent.⁴¹

The CPI-U based rate authority in Docket No. R2021-1 (September 2019 – August 2020) was 1.458 percent.⁴² Thus, the total CPI-U based rate authority over the last 20 months (September 2019 – April 2021, the period covered by Docket No. R2021-1 and this proceeding) was 2.702 percent (1.458 percent from Docket No. R2021-1 plus the 1.244 percent partial year limitation available in this proceeding). The Commission notes that the annual limitation in this case would also have been 2.702⁴³ percent if Docket No. R2021-1 had not been filed, because the Postal Service would then be entitled to an annual limitation of 1.501 percent plus 1.201 percent in interim

⁴⁰ See 39 C.F.R. § 3030.143. Despite NPPC's claim that this issue has not come up in any previous rate adjustment proceeding, the Commission emphasizes that its methodology in this proceeding is consistent with Commission precedent. See, e.g., Docket No. R2012-3, in which the request for rate adjustment was filed 9 months after the request for rate adjustment in Docket No. R2011-2.

⁴¹ Pursuant to 39 C.F.R. § 3030.143, the calculation for a Partial Year Limitation = (Recent Average/Previous Recent Average)–1. In the Notice, Attachment C, column "12-Month Total Divided by 12," the value for April 2021 is 260.926 (Recent Average) and the value for August 2020 is 257.721 (Previous Recent Average). Thus, the Partial Year Limitation = (260.926/257.721)–1 = 1.244 percent.

⁴² Docket No. R2021-1, United States Postal Service Notice of Market-Dominant Price Change, October 9, 2020, Attachment C. NPPC asserts that the CPI-U-based rate authority in Docket No. R2021-1 was 1.831 percent. NPPC Comments at 3. NPPC appears to have derived this figure from the First-Class Mail calculations in Docket No. R2021-1, where the total price increase for First-Class Mail was 1.831 percent because the Postal Service combined 1.458 percent of new CPI-U rate authority with 0.373 percent in unused rate authority from previous cases. See 39 U.S.C. § 3622(d)(2)(C); Docket No. R2021-1, Library Reference PRC-LR-R2021-1/1, Compliance Calculations for First-Class Mail, November 18, 2020.

⁴³ This does not include unused rate adjustment authority previously banked by the Postal Service for individual classes of mail pursuant to 39 U.S.C. § 3622(d)(2)(C). For example, for First-Class Mail, the total rate authority available would be the CPI-U rate authority of 2.702 percent plus the unused rate authority (available from Docket Nos. R2020-1 and R2017-7) of 0.385 percent.

rate authority for the period from September 2019 to April 2020.⁴⁴ Thus, it is not the case that the Postal Service is being afforded rate authority in this proceeding in excess of CPI-U as a result of it having been filed less than 12 months after Docket No. R2021-1.

4. The Applicability of the Objectives and Factors

Comments. Multiple commenters assert that the Commission must apply the objectives of 39 U.S.C. § 3622(b) and the factors of 39 U.S.C. § 3622(c) in this proceeding.⁴⁵ MPA and ANM point to 39 C.F.R. §§ 3030.122(j) and 3030.126(i) and allege that those rules mean “that the Commission ‘must apply the relevant objectives and factors to individual rate adjustments’ such as this one.” MPA/ANM Comments at 3 (citing *Carlson v. Postal Reg. Comm’n*, 938 F.3d 337, 344 (D.C. Cir. 2019)). PostCom and NPPC also cite to *Carlson* and argue that the objectives and factors must be applied to individual rate adjustments with NPPC further asserting the Commission should reject the proposed rates because the Postal Service has not attempted to justify how the rates satisfy the objectives and factors. PostCom Comments at 4; NPPC Comments at 10.

Several commenters make general allegations that the price increases violate specific objectives of 39 U.S.C. § 3622(b). With respect to Objective 1 (maximize incentives to reduce costs and increase efficiency), PostCom and MPA and ANM assert that substantial rate increases weaken the Postal Service’s incentive to reduce costs

⁴⁴ As explained above, for notices of rate adjustment filed more than 12 months apart, interim rate authority is unused rate authority based on the interim period between the most recently approved rate change and the 12 months immediately preceding the currently proposed rate change. See 39 C.F.R. § 3030.243. If the Postal Service had not adjusted rates in Docket No. R2021-1, then the next most recent rate change would have occurred in Docket No. R2020-1, which would have been more than 12 months prior to this proceeding.

⁴⁵ MPA/ANM Comments at 3; PostCom Comments at 4; NPPC Comments at 9-10.

and increase efficiency. PostCom Comments at 4; MPA/ANM Comments at 7. PostCom asserts that “[t]he higher [the Postal Service] is permitted to raise rates, the less incentive it has to reduce costs and operate more efficiently.” PostCom Comments at 4-5. PostCom claims that “the duty of a regulator is to act as a surrogate for competition and ensure that the regulated entity is acting efficiently,”⁴⁶ and it alleges that the Commission “has been disinclined to evaluate whether the Postal Service is actually operating efficiently . . . [and] has ‘refused to perform its statutory duty’ of thoroughly investigating the efficiency of Postal Service operations.” *Id.* at 5. PostCom also claims that the price increases in this docket will reduce the Postal Service’s incentives to reduce costs. *Id.* ANA echoes the importance of pressure on the Postal Service to be efficient and reduce expenses. ANA Comments at 4.

With respect to Objective 2 (create predictability and stability in rates), PostCom alleges that the proposed rate increases are “drastic and uneven” and “[f]ar from being stable and predictable.” PostCom Comments at 6. PostCom argues that the Commission rejected a proposal in Docket No. RM2017-3 that would have led to increases 5.7 percent above inflation for undermining the stability of rates, and PostCom expresses that the Commission “should be just as concerned about the instant rates.” *Id.* PostCom also states that the rates “are wildly divergent within classes.” *Id.* As an example, PostCom notes that First-Class Mail Flats are receiving a price increase that is nearly double the increase for First-Class Mail Single-Piece Letters/Postcards, with both increases “greatly” exceeding the change in CPI-U. *Id.* As another example, PostCom raises that the prices for “detached marketing and address labels are increasing by a staggering 16.7 and 18.2 percent, respectively.” *Id.* at 7. PostCom acknowledges that “[t]hese within-class differences have always been unpredictable,” but states that “the provision of more overall rate authority to the Postal

⁴⁶ PostCom cites to *Democratic Cent. Comm. of D.C. v. WMATA*, 485 F.2d 866, 906 (D.C. Cir. 1973) in making this claim, but does not further explain how that case is applicable to the instant proceeding.

Service has only exacerbated this problem.” *Id.* ANA is also concerned that the above inflation price increases permitted by the new rules are less predictable than CPI-U based increases. ANA Comments at 4.

With respect to Objective 8 (establish and maintain a just and reasonable schedule for rates and classifications), PostCom alleges that disparate increases within classes “could lead to unjust and unreasonable rates.” PostCom Comments at 7. PostCom cites several First-Class Mail and USPS Marketing Mail products for which “significant increases” are proposed despite the products covering substantially more than their attributable costs. *Id.* PostCom claims these prices indicate “the Postal Service is exploiting its monopoly status[,]” and PostCom asserts that “[t]here is good reason to believe” the rates exceed a level that is just and reasonable. *Id.* MPA and ANM claim more generally that the above-CPI increases violate Objective 8. MPA/ANM Comments at 7.

With respect to the other objectives, PostCom asserts that “[t]here is nothing in the record to indicate that the instant change is specifically needed to maintain high quality service standards . . . , assure adequate revenues, reduce administrative burden, increase transparency, enhance security, or deter terrorism.” PostCom Comments at 5-6 (referencing Objectives 3, 5, 6, and 7).

Commission analysis. As part of the modified ratemaking system the Commission designed in Docket No. RM2017-3, the Commission proposed, and after notice and comment, finalized changes to the rules that discontinued the need to address the objectives of 39 U.S.C. § 3622(b) and factors of 39 U.S.C. § 3622(c) in individual rate adjustment proceedings.⁴⁷ The modified ratemaking system was designed to properly balance the PAEA’s statutory objectives and factors in advance of

⁴⁷ Order No. 5337 at 239-240; Order No. 5763 at 258. See 39 C.F.R. §§ 3030.122, 3030.123, and 3030.126.

individual rate adjustments. Order No. 5763 at 260. In Order No. 5763, the Commission undertook an extensive balancing of the objectives in conjunction with each other to reach the conclusion that the modifications made to the ratemaking system are those designed “to address deficiencies that frustrate the achievement of the objectives of the PAEA” and “are necessary for the system of ratemaking to achieve the objectives enumerated in section 3622(b).”⁴⁸ Therefore, the Commission concluded “that its modified ratemaking system will achieve the PAEA’s objectives as required under 39 U.S.C. § 3622(d)(3)[,]” and as a result, “review for consistency with the objectives and factors is unnecessary in individual rate adjustments under the Commission’s modified system.” *Id.* at 258. Because the modified ratemaking system governs the Postal Service’s rate design, the Commission found that there is no need to justify each rate adjustment proceeding individually as consistent with the objectives and factors. *Id.* at 260.

MPA and ANM, PostCom, and NPPC all argue that the Court of Appeals for the D.C. Circuit’s 2019 *Carlson* decision requires the Postal Service and the Commission to specifically analyze, in every individual rate adjustment proceeding, how the Postal Service’s proposed rates comply with the objectives and factors.⁴⁹ However, as the Commission explained in Docket No. RM2017-3, the *Carlson* decision relied on an interpretation of the regulations then in effect and “did not rest on the premise that the PAEA unambiguously required the Commission to apply the objectives and factors in rate adjustments or to issue regulations that would require the Commission’s

⁴⁸ *Id.* at 364. See *id.* at 285-365. The Commission also notes that in Order No. 5763 it made clear that it intends to undertake a holistic review of the modified ratemaking system 5 years after the date that the final rules went into effect and that it would open such a review sooner if necessary. *Id.* at 260, 267. The Commission notes that any such review and related further modifications to the ratemaking system would involve renewed consideration of whether the ratemaking system is achieving the objectives of 39 U.S.C. § 3622(b) and whether changes are necessary to achieve those objectives consistent with 39 U.S.C. § 3622(d)(3).

⁴⁹ MPA/ANM Comments at 3; PostCom Comments at 4; NPPC Comments at 9-10.

pre-implementation review of the Postal Service's planned rate adjustments to explicitly consider the objectives and factors."⁵⁰

In Docket No. RM2017-3, the Commission found that under the new regulations, "[i]f the Postal Service proposes a rate adjustment compliant with the final rules, then that planned rate adjustment would be consistent with the objectives and factors." Order No. 5763 at 261. Given that, the new rules call for a bounded review, with the Commission's role being limited to reviewing planned price adjustments for consistency with applicable law. Applicable law is defined as the applicable requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629. 39 C.F.R. § 3030.126(b).

MPA and ANM point to 39 C.F.R. §§ 3030.122(j) and 3030.126(i) and assert that they mean that the Commission must apply the objectives and factors in this proceeding. MPA/ANM Comments at 3. However, 39 C.F.R. §§ 3030.122(j) and 3030.126(i) cannot be read that way. As discussed above, the Commission was clear when it implemented the modified ratemaking system that specific analysis of the objectives and factors was no longer necessary in rate adjustments proceedings. 39 C.F.R. § 3030.122(j) is a catch all provision that requires the Postal Service to include with its rate adjustment filing "[s]uch other information as the Postal Service believes will assist the Commission in issuing a timely determination of whether the planned rate adjustments are consistent with applicable statutory policies." 39 C.F.R. § 3030.122(j). No reasonable reading of that rule would lead one to interpret it as requiring the Commission do anything, let alone a requirement that the Commission apply the objectives and factors in individual rate adjustment proceedings. 39 C.F.R. § 3030.126(i) states that "[i]f the planned rate adjustments in an amended rate

⁵⁰ *Carlson*, 938 F.3d at 343, 345; Order No. 5337 at 239 n.327; Order No. 5763 at 257. The Commission also provided extensive discussion in Order No. 5763 to explain the basis for its change in approach. Order No. 5763 at 255-265.

adjustment filing are found to be inconsistent with applicable law, the Commission shall explain the basis for its determination and suggest an appropriate remedy.

Noncompliant rates may not go into effect.” 39 C.F.R. § 3030.126(i). However, the Postal Service has not filed an amended rate adjustment in this proceeding, and thus it is 39 C.F.R. § 3030.126(b)-(d), and not 39 C.F.R. § 3030.126(i), that is applicable to this proceeding. Further, “[a]pplicable law means only the applicable requirements of [39 C.F.R. part 3030], Commission directives and orders, and 39 U.S.C. [§§] 3626, 3627, and 3629” and does not include the objectives and factors of 39 U.S.C. § 3622(b) and (c). 39 C.F.R. § 3030.126(b).

Given that the Commission’s authority to streamline the process for rate adjustment dockets was extensively commented on in Docket No. RM2017-3,⁵¹ the appropriate forum for resolution of this issue is the Court of Appeals for the D.C. Circuit in the currently pending appeal of Docket No. RM2017-3 and not this proceeding. Petitioners in that proceeding have elected not to pursue a challenge related to this issue.⁵²

Although the Commission maintains that rate adjustments compliant with the new regulations are consistent with the objectives and factors and further analysis is not necessary, the Commission has nevertheless considered the comments alleging the proposed price adjustments are inconsistent with the objectives and factors, and finds that the proposed price adjustments are consistent with the objectives and factors. Comments making general allegations about the price adjustments vis-à-vis the objectives are addressed in the remainder of this section, while comments related to

⁵¹ See Order No. 5763 at 246-248.

⁵² NPPC and the Major Mailers Association mentioned this issue in their petition for review in that case, but did not raise it in their briefs. See *Nat’l Postal Policy Council v. Postal Reg. Comm’n*, No. 17-1276 (D.C. Cir. Jan. 27, 2021), ECF Document No. 1882037, at 2 (listing this issue on the NPPC and Major Mailers Association petitioners’ statement of issues to be raised on appeal).

specific prices or other topics that are addressed elsewhere in this Order are discussed where relevant to the issues presented.

MPA and ANM and PostCom argue that the rates proposed in this docket are inconsistent with Objective 1 (maximize incentives to reduce costs and increase efficiency) because the rate increases will undermine the Postal Service's incentives to reduce costs and increase efficiency.⁵³ In Order No. 5763, the Commission explained how the modified ratemaking system, which includes the additional forms of rate authority being utilized for the first time in this proceeding, was designed to facilitate achievement of Objective 1 in conjunction with the other objectives.

As the Commission noted, “[c]ontinued financial pressure, particularly in the near term, may hinder the Postal Service’s ability to make investments that would increase efficiency[] [and] reduce costs” Order No. 5763 at 301. While price cap systems theoretically contain inherent incentives for the regulated entity to increase efficiency and reduce costs, a confluence of circumstances occurring after the PAEA’s enactment resulted in total costs increasing more than CPI-U and a sudden divergence between total Postal Service costs and total Postal Service revenues, which made it challenging for the Postal Service to achieve either Objective 1 or Objective 5 (assure adequate revenues, including retained earnings, to maintain financial stability). *Id.* at 301-302; see 39 U.S.C. § 3622(b)(5).

The discrete sources of new rate authority approved by the Commission in Docket No. RM2017-3, which were found to be necessary to facilitate the achievement of Objective 5, were “not designed to allow the Postal Service to respond to its financial challenges through rate increases alone[,]” and specifically “address the deficiencies highlighted by the challenges experienced after the PAEA’s enactment.” Order No. 5763 at 302. The Commission stated that “[b]y closely tailoring the modifications to the

⁵³ PostCom Comments at 4; MPA/ANM Comments at 7. See 39 U.S.C. § 3622(b)(1).

identified deficiencies, these modifications are designed to provide correct incentives and to encourage prudent pricing and operational decision-making by the Postal Service.” *Id.* The Commission further acknowledged that the PAEA was intended to allow the Postal Service the opportunity to retain earnings as an incentive for the Postal Service to increase efficiency and reduce costs. *Id.* at 302-303. The Commission stated that “[b]y providing the Postal Service with the needed pricing tools to narrow the existing formidable gap between revenues and costs, the ability for the Postal Service to bridge that gap fully via efficiency gains and cost reductions is more meaningful [under the modified ratemaking system] than under the [initial one].” *Id.* at 303.

In addition, the Commission noted that the modified ratemaking system introduced several rules targeting pricing inefficiency, consistent with Objective 1. First, the rules provide for increased rate authority for non-compensatory mail classes, which is designed to address longstanding issues related to non-compensatory classes that undermine pricing efficiency. *Id.* at 305-306. Second, the rules implement pricing requirements for non-compensatory products designed to increase pricing efficiency. *Id.* at 306-308. Third, the rules set limitations on the inefficient pricing of workshare discounts in order to improve pricing and operational efficiency. *Id.* at 308-309.

Ultimately, the Commission concludes that the planned price increases in this proceeding are consistent with Objective 1. It is the Commission’s expectation that price increases like the ones proposed in this proceeding will enhance the Postal Service’s ability to make investments that increase efficiency and reduce costs, while also narrowing the formidable gap between costs and revenues, thus motivating the Postal Service to take further steps to reduce costs and increase efficiency. The Commission also expects there to be marked increases in pricing efficiency as a result of the application of the new rules that provide additional rate authority for non-compensatory classes, impose pricing requirements on non-compensatory products, and provide enhanced regulation of the pricing of workshare discounts.

With respect to PostCom's claims that the Commission has refused to perform the "statutory duty" of thoroughly investigating the efficiency of Postal Service operations and ensuring that the Postal Service is operating efficiently, the Commission is unclear what "statutory duty" PostCom is referring to, given that the PAEA did not give the Commission regulatory authority over the Postal Service's operations. See PostCom Comments at 5. If PostCom is referring to the Commission's responsibility under 39 U.S.C. § 3622(d)(3) to review the initial Market Dominant ratemaking system to assess whether it was achieving the objectives of the PAEA, including the operational efficiency component of Objective 1, the Commission notes that it provided extensive analysis related to operational efficiency as part of its overall discussion of Objective 1 in its review of the initial Market Dominant ratemaking system. Order No. 4257 at 203-221, 225-226. The Commission also notes that it has opened a separate rulemaking to consider the potential inclusion of a performance incentive mechanism in the modified ratemaking system intended to incentivize operational efficiency improvements by the Postal Service.⁵⁴

PostCom also argues that the rates proposed in this docket are inconsistent with Objective 2 (create predictability and stability in rates) because the proposed price increases are drastic and uneven.⁵⁵ Objective 2 encompasses both the timing and magnitude of rate adjustments. See Order No. 5763 at 310. Discussion and analysis of the timing component of Objective 2 can be found in Section IV.B.5., *infra*. PostCom's comments pertaining to the magnitude of the proposed rate adjustments are addressed in this Section.

⁵⁴ Docket No. RM2021-2, Advance Notice of Proposed Rulemaking Regarding Performance Incentive Mechanism, January 15, 2021, at 1, 7-12 (Order No. 5816). The Commission recently granted a motion to hold this proceeding in abeyance pending the resolution of Docket No. RM2017-3 before the Court of Appeals for the D.C. Circuit. Docket No. RM2021-2, Order Granting Motion to Hold Proceeding in Abeyance, July 2, 2021, at 1-2 (Order No. 5928).

⁵⁵ PostCom Comments at 6. See 39 U.S.C. § 3622(b)(2).

As a preliminary matter, the Commission notes that the new rules were designed to continue to allow the Market Dominant ratemaking system to facilitate achievement of Objective 2 in conjunction with the PAEA's other objectives. Order No. 5763 at 310-311. The Commission recognized that the new forms of rate authority increased the amount of rate authority available to the Postal Service; however, the Commission also noted that the 10-year period between the establishment of the initial PAEA ratemaking system and the Commission's first ability to review it and consider modifications pursuant to 39 U.S.C. § 3622(d)(3) was significantly longer than the usual period for periodically rebasing and restructuring price cap systems. *Id.* at 311-312. Periodic rebasing and restructuring of price cap systems is necessary because "price cap formulae are based upon predictions of costs and, over time, divergences between prices and costs are inevitable." *Id.* at 312 (citations omitted). The Commission noted that "[t]he longer timeframe between the establishment of the existing system and the implementation of the changes . . . tends to exacerbate the misperception that raising the annual limitation would necessarily disrupt predictability and stability." *Id.*

The Commission explained the ways in which rates under the initial Market Dominant ratemaking system had frustrated the achievement of multiple other objectives, including Objectives 5 (assure adequate revenues, including retained earnings, to maintain financial stability) and 8 (establish and maintain a just and reasonable schedule for rates and classifications), thus necessitating additional forms of rate authority. *Id.* at 313. The Commission has also explained the various ways in which the modified ratemaking system was designed to account for Objective 2. In particular, the new forms of rate authority were all designed "to enable the modified ratemaking system to achieve predictable and consistent timing of rate changes, a forecastable magnitude of rate changes, and minimization of sudden or extreme fluctuation." *Id.* at 315.

For example, the density-based rate authority is designed to conservatively approximate the amount by which average cost-per-piece is expected to unavoidably increase due to density declines, which reduces the magnitude of potential rate increases and limits fluctuations in rate authority. *Id.* at 316. The density-based rate authority relies on actual measured per-unit cost increases caused by density declines, rather than projections, and it approximates declining density for Market Dominant products as a whole, rather than individual mail classes, both of which reduce fluctuations. *Id.* at 316-317. In addition, the inputs to the density formula are transparent, and the corresponding calculation of rate authority eligible for use in a particular fiscal year is publicly knowable on a predictable basis. *Id.* at 317. The Commission gave similar consideration to how the modified ratemaking system would achieve predictability and stability of rates with its design of the other sources of additional rate authority. *Id.* at 317-319.

The Commission also explained how other aspects of its new rules demonstrated consideration for the achievement of Objective 2. For example, new pricing requirements for non-compensatory products represent an incremental approach to improving cost coverage, and the modified ratemaking system also takes an incremental approach to phasing out inefficient pricing practices with respect to workshare discounts. *Id.* at 320-321. Thus, while the Commission recognizes that the initial transition to the modified ratemaking system after over a decade of rate increases being limited solely to increases in CPI-U is a major adjustment for mailers, the Commission has accounted for Objective 2 extensively in the design of the modified ratemaking system while also balancing the PAEA's other objectives.

PostCom alleges the Commission rejected a proposal of a 5.7 percent increase above inflation in Docket No. RM2017-3 as "likely to undermine interests in the stability of rates." PostCom Comments at 6. However, the Commission notes it did not reject the proposal because it ran afoul of Objective 2; instead, it elected to initially propose

spreading out additional supplemental authority over a period of 5 years for a variety of reasons. Order No. 4258 at 43-45. After receiving comments, the Commission abandoned the supplemental authority approach altogether in favor of forms of additional rate authority that were targeted to address specific deficiencies of the initial Market Dominant ratemaking system. Although the new forms of rate authority have resulted in more pricing authority (for non-compensatory classes) in this proceeding than the proposal referenced by PostCom, they are the amounts the Commission ultimately determined were necessary to achieve the objectives pursuant to 39 U.S.C. § 3622(d)(3).

With respect to PostCom's claim that the price increases are "wildly divergent within classes," the Commission first notes that Objective 2 cannot be read in isolation. Order No. 5763 at 315. As the Commission noted in Order No. 5763, Objective 8 (establish and maintain a just and reasonable schedule for rates and classifications) plainly states that it "shall not be construed to prohibit the Postal Service from making changes of unequal magnitude within, between, or among classes of mail." *Id.*; 39 U.S.C. § 3622(b)(8). The Commission also finds PostCom's two examples instructive. PostCom Comments at 6. First, PostCom points out that the First-Class Mail Flats product's prices are increasing approximately double those of the First-Class Mail Single-Piece Letters/Postcards product. *Id.* Second, PostCom asserts the prices for detached marketing and address labels are "increasing by a staggering 16.7 and 18.2 percent, respectively." *Id.* at 6-7.

Although the Postal Service's proposed pricing design often results in adjustments that vary from the class average, the planned price adjustments demonstrate consideration for continued achievement of Objective 2. To compare, in a past price adjustment proceeding, the Commission found that an exceptional planned price increase appeared to be 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).⁵⁶ 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. It is also reasonable for the Postal Service to take into account other factors, such as costs, demand, and efficiency in making these determinations. In fact, the operation of the price cap at the class level necessarily means that the Postal Service must, in order to have a pricing proposal that does not have each product moving in lock step with the available pricing authority, vary the size of increases among products within each class.

With respect to the above-class average increase for First-Class Mail Flats, the Commission notes that in the FY 2020 ACD, the Commission found that the First-Class Mail Flats “barely covered its costs and had a negligible contribution” in FY 2020, and that the contribution from First-Class Mail Flats had declined from \$804 million in FY 2015 to just \$4 million in FY 2020. FY 2020 ACD at 237. Given its barely-compensatory cost coverage, it was certainly predictable that the Postal Service would elect to give an above-average increase to First-Class Mail Flats. This approach is also consistent with Objective 1 and Objective 8 because the Postal Service is using available pricing authority to take steps to increase revenues for a product that has had declining and negligible contribution, thus increasing pricing efficiency (Objective 1) and maintaining compensatory, and thus just and reasonable, rates (Objective 8). See Order No. 4257 at 130-132, 235-236.

With respect to the price increases for detached marketing and address labels in the USPS Marketing Mail class, it is necessary to note that detached marketing and address labels must accompany a High Density or Saturation Flat. While detached marketing and address labels are both proposed to increase by more than the class

⁵⁶ Docket No. R2009-2, Order Reviewing Postal Service Market Dominant Price Adjustments, March 16, 2009, at 72 n.59 (Order No. 191).

average, the High Density and Saturation Flats/Parcels product overall is proposed to increase by less than the class average. In order to appropriately analyze this increase, the Commission considers the price change proposed for the entire mailpiece, as opposed to the detached marketing and address labels prices in isolation. For example, the baseline Docket No. R2021-1 rate for a commercial Saturation Flat dropped at a destination delivery unit (DDU) with a detached marketing label is \$0.223 (\$0.163 + \$0.060), while the proposed Docket No. R2021-2 price for the same mailpiece is \$0.237 (\$0.167 + \$0.070), which represents an approximately 6.3 percent increase for the mailpiece. Thus, the overall increase for the mailpiece is in line with, albeit slightly below, the class average increase for the USPS Marketing Mail class.

MPA and ANM and PostCom also argue that the rates proposed in this proceeding are inconsistent with Objective 8 (establish and maintain a just and reasonable schedule for rates and classifications) because their magnitude and their disparate application within classes render them unjust and unreasonable.⁵⁷ Objective 8 requires just and reasonable rates—that is, rates that are neither excessive to mailers nor threaten the financial integrity of the Postal Service. See Order No. 5763 at 351. The Commission found that under the initial ratemaking system rates were not excessive to mailers but did threaten the financial integrity of the Postal Service. See *id.*

In Order No. 5763, the Commission explained how the modified ratemaking system was designed to facilitate achievement of Objective 8 in conjunction with the other objectives. The Commission found that “any concerns that the provision of the additional forms of rate authority would unjustly enrich the Postal Service at the expense of the ratepayers are largely overstated.” Order No. 5763 at 352. The Commission noted that “[t]he significance of the financial pressures faced by the Postal

⁵⁷ MPA/ANM Comments at 7; PostCom Comments at 7. See 39 U.S.C. § 3622(b)(8).

Service is well documented[,]" and that the modified ratemaking system would increase the Postal Service's price adjustment authority and "thereby improve the ability of the Postal Service to set rates that would not threaten its financial integrity." *Id.* The Commission stated the overall design of the modified ratemaking system targets "a range of prices that would be just and reasonable to the Postal Service and its mailers." *Id.* at 352-353.

The Commission has also explained the various ways in which the modified ratemaking system was designed to account for Objective 8. For example, the retirement obligation authority is designed to address a primary loss driver that is outside the Postal Service's direct control, and is limited to the amount necessary to ensure that the Postal Service receives the appropriate amount of revenue to fund its retirement liabilities. *Id.* at 354. The retirement obligation rate authority formula includes the volume of competitive products in the calculation of retirement obligation rate authority, which safeguards against rates being set at a level that would be excessive to Market Dominant ratepayers. *Id.* In addition, all revenue collected as a result of the retirement obligation rate authority must be remitted to pay for outstanding liabilities. *Id.* at 355.

The Commission also took specific steps to address classes and products that are non-compensatory and thus directly threaten the financial integrity of the Postal Service. The rate authority for non-compensatory mail classes is necessary as an incremental approach to addressing longstanding cost coverage deficiencies for mail classes in which rates cannot be effectively rebalanced. *Id.* at 356-357. It is designed to result in rates that, by covering the costs of the products to which they apply, are just and reasonable to both mailers and the Postal Service. *Id.* at 357. It ceases to be available once such a mail class becomes compensatory, and by taking an incremental approach (rather than allowing for a one-time reset), the rate authority for

non-compensatory mail classes reduces the magnitude and speed of rate increases that could be excessive to mailers. *Id.* at 358.

Likewise, the rate requirements for non-compensatory products are just and reasonable to both mailers and the Postal Service. *Id.* at 355. These requirements do not result in any additional rate authority; they simply require the Postal Service to incrementally rebalance rates within a compensatory mail class to reduce the cross-subsidies received by non-compensatory products. *Id.* Non-compensatory product rates are not just and reasonable, impede pricing efficiency, and threaten the Postal Service's financial integrity, undermining Objectives 1, 5, and 8. *Id.* The rate requirements for non-compensatory products cease to be applicable once such a product becomes compensatory. *Id.*

PostCom specifically takes issue with the proposed price increases for several products that cover substantially more than their attributable costs and implies that these proposed increases are excessive to mailers. PostCom Comments at 7. PostCom's approach appears to conflate the two separate prongs of Objective 8. While the Commission has used cost coverage to determine whether specific products threaten the financial integrity of the Postal Service (by being non-compensatory), the Commission has not used cost coverage to assess whether rates are excessive to mailers. See Order No. 4257 at 119-122.

In addition, extending PostCom's argument to its logical extreme would mean that prices for products should be set such that revenues for a given product equal that product's attributable costs. This would be inconsistent with Objective 8 by creating enhanced risks that products become non-compensatory when costs shift. It would also be inconsistent with Objectives 4 and 5, which allow the Postal Service pricing flexibility in setting prices and assure the Postal Service adequate revenues, respectively. See 39 U.S.C. § 3622(b)(4), (5). This approach would be especially problematic with regard to Objective 5 because the Postal Service needs products to contribute more than their

attributable costs in order to ensure that the institutional costs of the Postal Service as a whole are covered by total revenues in order to break even and retain earnings consistent with Objective 5.

The planned price adjustments in this proceeding are consistent with Objective 8. Specifically, they take substantial steps to improve the cost coverage of non-compensatory products and classes by utilizing the additional pricing authority for non-compensatory classes and implementing above-average price increases on non-compensatory and low-cost coverage products. 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. The rate authority has been specifically designed to be limited in multiple ways, including by permitting incremental changes rather than large, one-time adjustments, to protect mailers from excessive rates.

The Commission concludes that even if the commenters are correct and the Commission is obligated to assess the planned price adjustments vis-à-vis the objectives and factors, the price adjustments proposed in this proceeding are consistent with the relevant statutory objectives and factors. No commenter raises an argument that leads the Commission to find that on balance the proposed prices are inconsistent with the objectives and factors, and ultimately, the Commission determines that the weight of the balance favors approval of the proposed prices. See Section IV.B.3, *supra* and Sections IV.B.5., IV.B.6., IV.B.9., V.F.3., and VI.H.3., *infra*.

5. Schedule for Regular and Predictable Rate Adjustments

Comments. Multiple commenters express concern that the price adjustment proposed in this proceeding is not reflected in the schedule for regular and predictable rate adjustments, which reflects that price adjustments are expected to occur each January, and therefore, these commenters urge the Commission to reject or delay the

proposed increases as contrary to the schedule.⁵⁸ Commenters assert that the failure to update the schedule violates 39 U.S.C. § 3622(d)(1)(B) and 39 C.F.R. § 3030.102.⁵⁹

PostCom states that 39 C.F.R. § 3030.102 requires “the Postal Service to provide even more detail about its rate schedule” than the prior rules, including estimated filing and implementation dates for the next three years. PostCom Comments at 8, 9. PostCom asserts that it is “not a defense that the Governors have not yet determined whether the [s]chedule will apply in future years” when the rule requires a set schedule for the next three years. *Id.* at 9. PostCom asserts that the rules allow the Postal Service to vary the magnitude of adjustments from those in the schedule, but not the timing absent filing a revised schedule. *Id.* at 8. PostCom notes that the latest version of the schedule was filed on October 18, 2011, and shows that price changes will be implemented in January of each year. *Id.* Given the rates in this docket are planned to go into effect in August, PostCom states that “[t]he present filing, quite clearly, deviates from the [s]chedule.” *Id.* at 9.

NPPC similarly asserts that the Postal Service violates 39 C.F.R. § 3030.102(a)(1), (2), and (3) in this proceeding by filing for the current increase “with absolutely no warning or transparency.” NPPC Comments at 5. MPA and ANM also take issue with the August implementation date, asserting that this violates the Commission’s regulations and undermines Objective 2 (create predictability and stability in rates). MPA/ANM Comments at 8. PostCom also notes that the timing of this price adjustment is problematic with respect to Objective 2, stating that the Commission’s proposed modifications to the schedule were specifically to respond to mailers’

⁵⁸ See, e.g., NMA Comments at 7; MPA/ANM Comments at 7-8; PostCom Comments at 2-3, 8-10; NPPC Comments at 5, 9.

⁵⁹ NMA Comments at 7; PostCom Comments at 8-9; MPA/ANM Comments at 8; NPPC Comments at 5.

concerns that the new rules would reduce the predictability and stability of rates. PostCom Comments at 9.

NPPC raises a similar concern, stating that under the prior rules and schedule commercial mailers could budget over the summer for the upcoming year, but that the increases proposed in this proceeding were not anticipated last summer when budgets were prepared, particularly because the rules granting the Postal Service additional rate authority were not issued until December 2020. NPPC Comments at 6. NPPC asserts that the failure to update the schedule leaves mailers in the dark as to the timing of future increases. *Id.* at 7-8.

NMA asserts that the Postal Service's failure to update the schedule "injects a harmful uncertainty into the use of the mail" and indicates that mailers can no longer expect transparency and predictability in the timing and amount of rate adjustments and that the schedule cannot be trusted going forward. NMA Comments at 7. PostCom echoes this concern, criticizing the Postal Service for failing to provide information about what timeline will apply in future years and asserting that "the Postal Service is in effect claiming the authority to enact *de facto* changes in the [s]chedule whenever it so desires." PostCom Comments at 9. MPA and ANM also criticize the fact that the Postal Service does not provide additional information about when future increases will occur, which they assert creates uncertainty for mailers. MPA/ANM Comments at 7-8.

NAPM "urges" the Postal Service to communicate its future plans for rate adjustments and opposes "a continued pattern of 2 price changes in the same year." NAPM Comments at 5. NAPM asserts that the uncertainty as to if there will continue to be two price changes per year or just one and when those would occur "causes huge disruption to the mailing industry and supply chain." *Id.* NAPM supports moving back to an annual adjustment where both Market Dominant and Competitive prices are changed at the same time, which it states saves costs due to necessary software changes. *Id.* at 5-6. It also asserts an annual price adjustment schedule is supported by Objectives 2

(create predictability and stability in rates) and 8 (establish and maintain a just and reasonable schedule for rates and classifications). *Id.* at 6.

Commission analysis. 39 U.S.C. § 3622(d)(1)(B) required that the initial Market Dominant ratemaking system “establish a schedule whereby rates, when necessary and appropriate, would change at regular intervals by predictable amounts.” 39 U.S.C. § 3622(d)(1)(B). The initial rule promulgated by the Commission required the Postal Service maintain a schedule for regular and predictable rate changes on file with the Commission that would be displayed on the Commission’s website.⁶⁰ The rule also required that the schedule provide mailers with estimated implementation dates for future price increases for each class of mail as well as an explanation that would allow mailers to predict with reasonable accuracy the amounts of future rate changes.⁶¹ The rule also provided that the Postal Service file a revised schedule and explanation with the Commission “[w]henever the Postal Service deems it appropriate” to change the schedule and allowed the Postal Service to vary rate adjustments from the schedule “for good cause shown.”⁶²

The Postal Service filed schedules with the Commission on two occasions. First, when the Postal Service provided notice of the first price adjustment under the initial ratemaking system, it also filed a schedule for regular and predictable price changes that stated that the Postal Service expected to implement price changes for all Market Dominant classes on May 12, 2008, and in mid-May of each subsequent year.⁶³ The Postal Service filed a revised schedule in Docket No. R2012-3 and announced its plan

⁶⁰ Docket No. RM2007-1, Order Establishing Ratemaking Regulations for Market Dominant and Competitive Products, October 29, 2007, at 114 (Order No. 43) (displaying former 39 C.F.R. § 3010.7(a)).

⁶¹ *Id.* (displaying former 39 C.F.R. § 3010.7(b), (c)).

⁶² *Id.* at 115 (displaying former 39 C.F.R. § 3010.7(e), (f)).

⁶³ Docket No. R2008-1, United States Postal Service Filing of Schedule of Regular and Predictable Price Changes, February 11, 2008, at 3.

to implement price adjustments each January instead of each May.⁶⁴ The FY 2012 Schedule remains the most recent schedule filed with the Commission.

Over the years, the Postal Service mostly followed the timing laid out in the schedules; however, it also deviated from the planned timing on several occasions. Order No. 4257 at 59-61. For example, because the price adjustments proposed in Docket No. R2015-4 were requested in January and implemented in May, the FY 2015 price adjustments were inconsistent with the FY 2012 Schedule. These deviations from the schedule were never used as a basis to reject, remand, or delay proposed price adjustments that were filed inconsistent with the posted schedule.

Despite these deviations from the schedule, in Docket No. RM2017-3, the Commission found that they did not rise to a level that would be considered unpredictable because informed mailers and postal customers would have been aware of the “external influences that may impact the Postal Service’s ability or intent to adjust prices at a particular time.” *Id.* at 61. The Commission concluded that because the deviations from the schedule were “explained by external influences observable to mailers,” “the timing of price adjustments ha[d] been predictable and stable” consistent with Objective 2 (create predictability and stability in rates). *Id.* at 62.

Despite this finding, the Commission noted that the rule under the initial ratemaking system “did not require the Postal Service to update its schedule of regular and predictable price changes, which resulted in mailers’ need to refer to other sources to get updated information if the schedules changed.” *Id.* To remedy this and otherwise enhance the rule concerning the schedule of regular and predictable rate adjustments, the Commission made two modifications to the rule in Docket No. RM2017-3. See Order No. 4258 at 101. First, 39 C.F.R. § 3030.102(b) directs the Postal Service to file

⁶⁴ Docket No. R2012-3, United States Postal Service Filing of Updated Schedule of Regular and Predictable Price Changes, October 18, 2011, at 3 (FY 2012 Schedule).

a schedule “annually with the Commission at the time of filing the Postal Service’s section 3652 report.” 39 C.F.R. § 3030.102(b). Second, 39 C.F.R. § 3030.102(a)(2) requires that the schedule shall “[p]rovide 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.” *Id.* § 3030.102(a)(2). The Commission’s primary reason for making the modifications was to “improve the mailing community’s ability to plan budgets” and “improve accessibility of information for all mailers.” Order No. 4258 at 101-102. The other aspects of the rule raised by the commenters in this proceeding were substantively unchanged by Docket No. RM2017-3, including that rate adjustments are to be scheduled at specific regular intervals and that the Postal Service has discretion to revise the schedule whenever appropriate.⁶⁵

Given the limited changes to the rule concerning the schedule for regular and predictable rate adjustments in Docket No. RM2017-3 and that the Commission had previously permitted deviations from the schedule under the prior rule, the Commission determines that it would be inappropriate to reject or delay the Postal Service’s planned price adjustments. As outlined above, two modifications to the rule concerning the schedule for regular and predictable rate adjustments were made in Docket No. RM2017-3. The first modification newly required the Postal Service to update the schedule “annually with the Commission at the time of filing the Postal Service’s section 3652 report.” 39 C.F.R. § 3030.102(b). However, this provision was not in effect when the Postal Service last filed its section 3652 report. The Postal Service’s section 3652 report is filed with the Commission in late December each year as it is due “no later than 90 days after the end of each [fiscal] year.”⁶⁶ The Postal Service’s most recent section

⁶⁵ Compare 39 C.F.R. § 3030.102, with former 39 C.F.R. § 3030.509 (2020). See Order No. 5337 at 238.

⁶⁶ 39 U.S.C. § 3652(a). See *id.* § 102(10).

3652 report was filed on December 29, 2020,⁶⁷ and the requirement that the Postal Service annually update the schedule at the time of the filing of that report did not go into effect until January 14, 2021.⁶⁸ Thus, the Commission does not have a basis pursuant to the new rule to find the Postal Service out of compliance with the annual filing requirement. The second modification requires enhanced detail be provided in the schedule by requiring estimated filing and implementation dates over a minimum of the next 3 years. 39 C.F.R. § 3030.102(a)(2). This requirement will come into play when the Postal Service first updates the schedule, which by the rules is required no later than late December of this year. Given that the other rule provisions were not substantively changed in Docket No. RM2017-3 and the Commission has not previously interpreted those provisions to necessitate the rejection, delay, or remand of a price adjustment that deviates from the schedule, the Commission cannot justify such an extreme change in its approach in this proceeding without providing any advance notice to the Postal Service of such a change.

Despite its determination to not delay or reject the planned price increases, the Commission is nonetheless sympathetic to the mailers' needs to have regular and transparent information about upcoming price adjustments to allow for advance budgeting. It was an unfortunate coincidence that the timing of the finalization of the new rules was such that it relieved the Postal Service of the annual filing requirement of an updated schedule until later this year, as the change in the rule was specifically targeted to "improve the mailing community's ability to plan budgets." Order No. 4258 at 101. This is an issue the Commission intends to watch closely, and should the revised rule not be effective at ensuring regular and transparent information is available

⁶⁷ See Docket No. ACR2020, United States Postal Service FY 2020 Annual Compliance Report, December 29, 2020.

⁶⁸ Order No. 5763 at 370 (stating that revised rules are to take effect 30 days after publication in the *Federal Register*); System for Regulating Market Dominant Rates and Classifications, 85 Fed. Reg. 81124 (December 15, 2020).

regarding future price adjustments, the Commission would consider changes to 39 C.F.R. § 3030.102 in its 5-year review of the Market Dominant ratemaking system. See Order No. 5763 at 267. In the meantime, the Commission strongly encourages the Postal Service to file an updated schedule consistent with 39 C.F.R. § 3030.102 as soon as possible to communicate clearly with stakeholders its future plans and to alleviate the concerns raised in this proceeding by many of the commenters.

With respect to the claim by commenters that the lack of updated schedule and proposed August implementation date undermine Objective 2 (create predictability and stability in rates), the Commission notes that it specifically looked at previous deviations from the schedule in Docket No. RM2017-3 and found that they did not affect the achievement of Objective 2 because “there are external influences that may impact the Postal Service’s ability or intent to adjust prices at a particular time” that “are known to mailers and postal customers and are generally communicated by the Postal Service to mailers through a variety of channels.” Order No. 4257 at 61. The Commission, therefore, concluded that the off-schedule price adjustments could not be viewed as unpredictable or unstable. *Id.* at 62.

Docket No. RM2017-3 opened on December 20, 2016 with an advance notice of proposed rulemaking, which was followed by Order No. 4257 finding the Market Dominant ratemaking system was not achieving the objectives of the PAEA, Order Nos. 4258 and 5337 noticing proposed rules, and Order No. 5763 ultimately adopting final rules on November 30, 2020.⁶⁹ Throughout the nearly 4-year rulemaking process, the Postal Service emphasized its need for additional pricing authority and its dire financial

⁶⁹ See Docket No. RM2017-3, Advance Notice of Proposed Rulemaking on the Statutory Review of the System for Regulating Rates and Classes for Market Dominant Products, December 20, 2016 (Order No. 3673); Order No. 4257; Order No. 4258; Order No. 5337; Order No. 5673.

situation at every opportunity.⁷⁰ The Postal Service's comments left no question that the Postal Service believes it needs substantial additional rate authority beyond the CPI-U price cap. See *id.*

The rules did not become final until January 14, 2021, and thereafter, there was a motion to stay implementation of the rules before the Court of Appeals for the D.C. Circuit that was not resolved under March 1, 2021.⁷¹ However, a few weeks later, the Postal Service was publicly acknowledging its plans to file a rate adjustment proceeding utilizing the new forms of rate authority. In the Delivering for America Plan issued on March 23, 2021, the Postal Service stated that the plan's "strategic initiatives are designed to reverse a projected \$160 billion in losses over the next ten years by achieving break-even operating performance," which would be accomplished by among other things the "effective use of newly acquired and existing pricing authorities."⁷² Under a heading of "Implement New Pricing Authorities," the Postal Service further represented that it would "apply judicious and prudent strategies to optimize revenues and contribution within applicable regulatory constraints." *Id.* at 38. Three days after issuance of the Delivering for America Plan, the Postal Service announced in a filing before the Commission that it expected to file a price adjustment docket "on or about May 28, 2021." Docket No. RM2021-5 Application for Waiver at 1. Because rate

⁷⁰ See, e.g., Docket No. RM2017-3, Comments of the United States Postal Service, March 20, 2017; Docket No. RM2017-3, Initial Comments of the United States Postal Service in Response to Order No. 4258, March 1, 2018; Docket No. RM2017-3, Reply Comments of the United States Postal Service in Response to Order No. 4258, March 30, 2018; Docket No. RM2017-3, Initial Comments of the United States Postal Service in Response to Order No. 5337, February 3, 2020; Docket No. RM2017-3, Reply Comments of the United States Postal Service in Response to Order No. 5337, March 4, 2020.

⁷¹ *Nat'l Postal Policy Council v. Postal Reg. Comm'n*, No. 17-1276 (D.C. Cir. Mar. 1, 2021), ECF Document No. 1887800, at 1.

⁷² United States Postal Service, Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence, March 23, 2021, at 3, available at https://about.usps.com/what/strategic-plans/delivering-for-america/assets/USPS_Delivering-For-America.pdf (Delivering for America Plan).

adjustment filings must be noticed no later than 90 days prior to the planned implementation date,⁷³ it was clear at that point that an August 2021 implementation date was likely. 39 C.F.R. § 3030.121(c).

Given these facts, the Commission finds that the timing of price adjustments at issue in this proceeding was dictated by external circumstances, like the final rules going to into effect and the Court of Appeals for D.C. Circuit ruling on the motion to stay implementation of the rules, but that mailers and postal customers were aware of those circumstances and the Postal Service indicated its intended plans through formal and informal channels. Thus, consistent with how the Commission has viewed past deviations from the schedule, the Commission finds the instant price adjustment and August implementation date do not undermine achievement of Objective 2.

With respect to NAPM's comment that the Postal Service adjust rates once per year, which it states is consistent with Objectives 2 (create predictability and stability in rates) and 8 (establish and maintain a just and reasonable schedule for rates and classifications), the Commission notes that the PAEA does not limit how frequently the Postal Service can adjust rates. As discussed in Section IV.B.3, *supra*, the Commission previously found that allowing the Postal Service to exercise broad discretion over the timing of price changes was an important element of the achievement of Objective 4 (allow the Postal Service pricing flexibility). Order No. 4257 at 144. The Commission also previously found that the timing of price adjustments, including a situation where two price adjustments were filed within a 12-month period, was predictable and stable consistent with Objective 2. *Id.* at 60, 143. Objective 8, which focuses on whether the entire rate schedule threatens the financial integrity of the Postal Service or is excessive

⁷³ The Commission notes that the 90-day notice requirement is also a new requirement of the modified ratemaking system. Order No. 5673 at 248-249. Previously, the Postal Service was required to provide notice only 45 days in advance, and the Commission found that 90 days' advance notice would provide additional benefits to mailers, including facilitating their ability to generate budgets and giving mailers time to implement the planned rates. *Id.* at 249; Order No. 4258 at 104.

to mailers, is not implicated by the timing of price adjustments. *Id.* at 113, 226. Although there is no statutory or regulatory requirement for annual price adjustments, the Commission strongly encourages the Postal Service to work with mailers and other stakeholders to set a schedule for price adjustments that minimizes costs and disruptions to the largest extent possible.

6. Rate Increases and the Postal Service's Financial Health

Comments. Multiple commenters assert that the rate increases in this proceeding are not necessary to support the Postal Service's financial health.⁷⁴ NRECA asserts that Postal Service revenues are \$10 billion above the prior year's levels and that the Postal Service has achieved positive net income for the first 6 months of FY 2021, which are indicators of financial health that should be weighed against the economic impact of the rate increase on mailers. NRECA Comments at 3.

PostCom advocates for a delay in the implementation of the price increases until either January 2022 or when the Court of Appeals for the D.C. Circuit issues a decision in the Docket No. RM2017-3 appeal, whichever is later. PostCom Comments at 3-4. As an alternative, PostCom suggests the Postal Service could be permitted to raise rates solely by the available amount of rate authority based on CPI-U. *Id.* at 4. It asserts this delay will protect mailers while the Postal Service "will not be seriously harmed by a four-to-five month delay in implementing these rates." *Id.* at 3. In support of this position, PostCom points out that operating revenue year-to-date has exceeded plan by 7.4 percent and improved 9.1 percent over the same period last year (SPLY), and that the current period numbers show even greater improvement at 15.1 percent over plan and 12.5 percent over SPLY. *Id.* PostCom asserts that Market Dominant volumes are rebounding, and Competitive volumes remain robust. *Id.* PostCom also

⁷⁴ See, e.g., NRECA Comments at 3; Pioneer Utility Comments at 3; PostCom Comments at 3-4, 6; ANA Comments at 5.

argues that the Postal Service has a substantial cash balance, which is “more than enough to tide it over.” *Id.*

Commission analysis. As the Commission has explained, the modifications to the ratemaking system adopted in Docket No. RM2017-3 were necessary to appropriately balance the PAEA’s statutory objectives, including, as relevant to these comments, Objective 5. Objective 5 provides that the ratemaking system is to “assure adequate revenues, including retained earnings, to maintain financial stability.” 39 U.S.C. § 3622(b)(5). After reviewing the initial ratemaking system pursuant to 39 U.S.C. § 3622(d)(3), the Commission found that financial stability had not been achieved because total revenue had been inadequate to cover total costs, resulting in the Postal Service suffering a net loss every year during the first decade of the PAEA era. Order No. 4257 at 165-169, 247-249. Over time, the accumulation of net losses resulted in accumulated deficits, which prevented the Postal Service from being able to achieve retained earnings. *Id.* at 169-171. In the decade after the PAEA was enacted, the Postal Service suffered a cumulative net loss of \$59.1 billion, and defaulted on the vast majority of its statutory payment obligations. Order No. 5763 at 7. The Commission determined that since the enactment of the PAEA, the Postal Service had not had any working capital (assets in excess of liabilities), its capital expenditure ratio had declined, and its debt ratio had steadily increased. Order No. 4257 at 172-175. The Commission also found that cost reductions and efficiency gains alone were not likely to be enough to address the Postal Service’s financial challenges, given that existing and future opportunities for cost reductions and efficiency gains by the Postal Service were likely limited. Order No. 5763 at 340-341.

In balancing Objective 5 against the PAEA’s other objectives, the Commission focused on providing the Postal Service with additional revenue to address discrete sources of costs over which the Postal Service does not have direct control, and thus cannot address through cost reductions or efficiency improvements. The Commission

found that providing additional rate authority to mitigate the near-term financial pressure on the Postal Service is necessary to lead to financial stability. *Id.* at 341. Furthermore, financial pressure due to such costs inhibits the Postal Service's ability to make needed capital investments in order to reduce costs and improve efficiency. *Id.* at 301.

The Commission's findings in Docket No. RM2017-3 with respect to the Postal Service's financial instability remain applicable.⁷⁵ In its FY 2020 Financial Analysis, the Commission found that the Postal Service's liabilities continued to far exceed its assets, and its ability to make sufficient capital investments continued to be limited in FY 2020. *Id.* at 30-38. The Commission explained how the COVID-19 pandemic drove substantial changes in the mail mix in FY 2020, with large volume increases for Competitive products, which consist primarily of parcels, and large volume decreases for Market Dominant products. *Id.* at 11-14. Revenue gains associated with increased Competitive volumes were significantly offset by revenue declines associated with decreased Market Dominant volumes in FY 2020.⁷⁶ The Postal Service's net operating revenue for FY 2020 was higher than it was in FY 2019, but its FY 2020 net operating expenses were also higher, primarily driven by the COVID-19 pandemic-related increases in compensation, transportation, and supplies and services costs due to more labor-intensive parcel shipping, enhanced safety measures, and disruptions in air and highway transportation. *Id.* at 11. When these offsetting effects are accounted for, the Postal Service's net loss for FY 2020 was greater than its net loss for FY 2019, before the COVID-19 pandemic began. *Id.*

⁷⁵ See Docket No. ACR2020, Postal Regulatory Commission, Financial Analysis of United States Postal Service Financial Results and 10-K Statement, Fiscal Year 2020, April 26, 2021 (FY 2020 Financial Analysis).

⁷⁶ *Id.* at 11-14. While Competitive revenue in FY 2020 increased 26.5 percent, a \$6.4 billion increase, Market Dominant revenue declined 8.7 percent, an approximately \$4.0 billion decrease. *Id.* at 12-13.

The Postal Service's liquidity improved in FY 2020 over FY 2019, largely as a result of increases to its cash balance and COVID-19 pandemic-relief legislation that made available to the Postal Service an additional \$10 billion from the U.S. Treasury to fund operating expenses.⁷⁷ However, its overall financial position remained poor, with an FY 2020 net loss of \$9.2 billion and an FY 2020 net deficit of \$80.7 billion. *Id.* at 6. Such net losses and the resulting accumulated deficit are what the Commission identified as a primary deficiency in the initial ratemaking system because they undermine the Postal Service's financial stability.⁷⁸ It is these losses that the additional sources of above-CPI-U rate authority approved in Docket No. RM2017-3 are intended to address. *Id.*

Although the Commission generally provides its analysis of the Postal Service's finances on a fiscal year basis, with the FY 2020 Financial Analysis being the most recent annual and audited analysis available, the Postal Service provides unaudited financial reports to the Commission on a monthly basis. The most recent report filed by the Postal Service contains unaudited financial information current through May 2021 and confirms that the Postal Service remains financially unstable.⁷⁹ The May 2021 Unaudited Financial Report shows that year-to-date, the Postal Service's net loss has been approximately \$1.3 billion and that its net loss for May 2021 alone was \$846 million. *Id.* at 1. Although the year-to-date numbers represent an improvement over SPLY and the FY 2021 plan, the May monthly numbers are worse than both SPLY and the FY 2021 plan. *Id.* Further, the fact that the Postal Service is continuing to have net losses on both a year-to-date and monthly basis demonstrates that the Postal Service's

⁷⁷ *Id.* at 6, 38-42 (citing Public Law 116-136, Coronavirus Aid, Relief, and Economic Security Act, March 27, 2020 (CARES Act)).

⁷⁸ Order No. 5763 at 30 (citing Order No. 4257 at 247-249).

⁷⁹ USPS Preliminary Financial Information, Unaudited, May 2021, file "2021.6.24 May 2021 Financial Report to the PRC.pdf," June 24, 2021, available at <https://www.prc.gov/docs/119/119055/2021.6.24%20May%202021%20Financial%20Report%20to%20the%20PRC.pdf> (May 2021 Unaudited Financial Report).

net operating revenue continues to be less than the Postal Service's total expenses and that the Postal Service is far from achieving financial stability. *Id.*

Volume trends indicate that year-to-date Competitive volumes are higher compared to SPLY, while Market Dominant volumes are lower. *Id.* However, the month of May alone shows a reversal in that trend with Market Dominant volumes increasing 16.9 percent over SPLY and Competitive volumes decreasing 21.4 percent. *Id.* Given the shifts in volume trends that have been occurring since the start of the COVID-19 pandemic, there are many questions as to what the mail mix will look like in the near term, including whether gains in Competitive volumes and revenues will be sustained, whether Market Dominant volumes will recover, and whether gains in Competitive revenue will be sufficient to off-set any losses from declines in Market Dominant revenue.

With respect to NRECA's and PostCom's specific comments,⁸⁰ the Commission notes that while the numbers they cite are largely accurate for specific time periods,⁸¹ they do not reflect the most up-to-date numbers available. Those numbers are reflected in the May 2021 Unaudited Financial Report as described above. Further, PostCom focuses on revenue alone rather than also considering total expenses. When total expenses are also considered, the picture painted by the April 2021 Unaudited Financial

⁸⁰ See NRECA Comments at 3; PostCom Comments at 3-4.

⁸¹ NRECA refers to the first 6 months of FY 2021, which would be covered by the March 2021 Unaudited Financial Report. USPS Preliminary Financial Information, Unaudited, March 2021, file "2021.5.7 March 2021 Financial Report to the PRC.pdf," May 7, 2021, available at <https://www.prc.gov/docs/117/117275/2021.5.7%20March%202021%20Financial%20Report%20to%20PRC.pdf>. Although NRECA is correct that the Postal Service reported having net income year-to-date in March, NRECA's assertion that revenues are \$10 billion greater than SPLY is incorrect. *Id.* at 1 (showing about a \$3 billion difference). PostCom's numbers reference the April 2021 Unaudited Financial Report. USPS Preliminary Financial Information, Unaudited, April 2021, file "2021.5.21 April 2021 Fin. Report.pdf," May 24, 2021, available at <https://www.prc.gov/docs/117/117926/2021.5.21%20apr%202021%20fin.%20report.pdf> (April 2021 Unaudited Financial Report).

Report is far less rosy, showing net losses for both the month and year-to-date. April 2021 Unaudited Financial Report at 1.

Ultimately, with the Postal Service having a \$1.3 billion net loss year-to-date, the Commission concludes that it is imperative that the new rates take effect and there is nothing in the most recently available information that would lead the Commission to change its conclusions from Docket No. RM2017-3 that the new forms of pricing authority are necessary for the Postal Service to achieve financial stability consistent with Objective 5. As explained in Section IV.B.2., *supra*, the new forms of pricing authority being utilized in this proceeding are current law, and the Commission further finds no basis to delay implementation of the new rates or limit price increases to the change in CPI-U as PostCom suggests would be appropriate. See PostCom Comments at 3-4.

7. Application of the Workshare Discount Rules in 39 C.F.R. Part 3030, Subpart J

Comments. Several commenters are supportive of the proposed workshare discounts and the improvements to pricing efficiency driven by compliance with 39 C.F.R. part 3030, subpart J.⁸² However, commenters also raise concerns about the application of 39 C.F.R. part 3030, subpart J.⁸³

NPPC acknowledges that the First-Class Mail workshare discounts comply with 39 C.F.R. part 3030, subpart J. NPPC Comments at 13. However, NPPC takes issue with the workshare discounts for First-Class Mail Automation Letters, which NPPC

⁸² See, e.g., NAPM Comments at 2; Pitney Bowes Comments at 1; PR Comments at 12, 15, 16. The Commission notes that this Section focuses primarily on the comments pertaining to alleged deficiencies in 39 C.F.R. part 3030, subpart J. Discussion of the workshare discounts proposed in this proceeding and analysis of whether those discounts comply with the requirements of 39 C.F.R. part 3030, subpart J can be found in Sections V.D., VI.D., VII.D., and VIII.D., *infra*.

⁸³ See, e.g., NPPC Comments at 13-14; MPA/ANM Comments at 8; PR Comments at 11-18.

asserts “were set at the most inefficient level permitted” under the rules with passthroughs close to 85 percent. *Id.* NPPC is concerned that 39 C.F.R. § 3030.284(e) “allows the Postal Service to set the discounts at no more than an 85 percent passthrough and contains no mechanism to force those passthroughs any closer to the 100 percent level needed to maximize efficiency.” *Id.* NPPC suggests that the Commission should move the minimum permissible passthrough to 100 percent and suggests the Commission initiate a rulemaking making that change. *Id.* at 13-14. Similarly, the Public Representative suggests the exception of 39 C.F.R. § 3030.284(e) be changed to facilitate greater movement toward pricing efficiency and passthroughs near 100 percent. PR Comments at 17.

MPA and ANM acknowledge that the Postal Service complied with 39 C.F.R. part 3030, subpart J, but raise similar concerns about the Periodicals workshare discounts. They assert that the Periodicals workshare discounts “barely meet the . . . new workshare requirements” and “are still well below their corresponding avoided costs.” MPA/ANM Comments at 8. As an example, MPA and ANM point to the Periodicals Outside County Carrier Route Basic passthrough of 85.9 percent and state that “most other Periodicals discounts are similarly barely above the 85 percent minimum.” *Id.*

The Public Representative also raises a separate concern about the rules, stating that “the Commission should consider revising its workshare rules prospectively to prohibit workshare discounts that exceed avoided costs from being reduced by more than necessary to reach a 100 percent passthrough.” PR Comments at 17. He is concerned that the current rules “permit discounts to bounce from above 100 percent passthrough[s] to below 100 percent passthrough[s,]” which he asserts is contrary to the goal of having workshare discounts achieve greater pricing efficiency. *Id.* at 17-18.

Commission analysis. NPPC, MPA and ANM, and the Public Representative are all concerned that 39 C.F.R. § 3030.284(e) allows passthroughs to be set at or just

above 85 percent without incentivizing or requiring any additional movement toward passthroughs closer to 100 percent.⁸⁴

The Commission notes that these commenters are correct in stating that the exception in 39 C.F.R. § 3030.284(e) allows a workshare discount to be set below the cost avoided by the Postal Service if “[t]he percentage passthrough for the proposed workshare discount is at least 85 percent.” 39 C.F.R. § 3030.284(e). The Commission also notes that this issue was raised in Docket No. RM2017-3 by commenters before 39 C.F.R. § 3030.284(e) was finalized, and after consideration of the comments, the Commission elected to maintain the exception in 39 C.F.R. § 3030.284(e). See Order No. 5763 at 202-204, 213.

In Order No. 5763, the Commission acknowledged that the exception for below-avoided-costs workshare discounts with passthroughs above 85 percent was less restrictive than many of other workshare discount requirements, but explained that the exception in 39 C.F.R. § 3030.284(e) was appropriate given the regulatory requirements related to below-avoided-costs workshare discounts were new; the consequences of below-avoided-costs workshare discounts are less detrimental to the Postal Service than excessive workshare discounts; and the Commission sought to provide continued pricing flexibility to the Postal Service. Order No. 5763 at 212. The Commission emphasized that “the 85 percent passthrough floor phases out the most inefficient of the Postal Service’s pricing practices related to below-avoided-costs workshare discounts” and that 39 C.F.R. § 3030.284(e) “strikes an appropriate balance between improving pricing efficiency and providing sufficient pricing flexibility for below-avoided-costs workshare discounts that were not previously regulated.” *Id.* The Commission, however, also noted that if over time, the Postal Service was using the 85 percent passthrough floor as a safe harbor for below-avoided-costs workshare discounts and

⁸⁴ NPPC Comments at 13; PR Comments at 17; MPA/ANM Comments at 8.

not taking steps to move those workshare discounts toward 100 percent passthroughs, the Commission would reconsider the rules on workshare discounts as part of its planned review in 5 years. *Id.* at 212-213.

The Commission maintains that the approach it implemented in Order No. 5763 remains appropriate. This is the first price adjustment proceeding under the new rules, and the first proceeding to impose pricing requirements on workshare discounts set below their avoided costs. The Commission notes that it will likely take multiple price adjustments before it would be reasonable to assess if 39 C.F.R. part 3030, subpart J as a whole is having its intended effect. However, the Commission also reiterates that should the Postal Service use the exception in 39 C.F.R. § 3030.284(e) to not move workshare discounts closer to 100 percent on a consistent basis, the Commission may find it appropriate to regulate workshare discounts set below avoided costs more stringently when it undertakes its next review.

For similar reasons, the Commission declines to revise the rules to prohibit workshare discounts with a passthrough over 100 percent from being set below 100 percent as the Public Representative suggests. See PR Comments at 17-18. Given that this is the first proceeding in which these rules are being applied, the Commission maintains it will likely take multiple price adjustments before it would be reasonable to assess if 39 C.F.R. part 3030, subpart J as a whole is having its intended effect and determine if changes are necessary. However, should the Postal Service consistently use the ability to move a workshare discount from an above 100 percent passthrough to a below 100 percent passthrough to avoid making workshare discounts more efficient, the Commission may find it appropriate to make further changes to the rules when it undertakes its next review. See Order No. 5763 at 267. In the meantime, the Commission encourages the Postal Service to continue to take steps to make workshare discounts more efficient by moving passthroughs closer to 100 percent in future rate adjustment proceedings.

With regard to the specific First-Class Mail and Periodicals workshare discounts raised by NPPC and MPA and ANM, as these commenters acknowledge,⁸⁵ these workshare discounts comply with the requirements of 39 C.F.R. part 3030, subpart J. See Sections V.D. and VII.D., *infra*. With respect to the First-Class Mail Automation Letters workshare discounts raised by NPPC, the Commission notes that comparing the passthroughs calculated using Docket No. R2021-1 rates and Docket No. ACR2020 avoided costs with the passthroughs calculated using the rates proposed in this proceeding and Docket No. ACR2020 avoided costs illustrates that all three of these passthroughs have been moved closer to 100 percent.⁸⁶ For example, for Automation 5-Digit Letters, the passthrough calculated using Docket No. R2021-1 rates and Docket No. ACR2020 avoided costs is 73.2 percent while the passthrough calculated using the rates proposed in this proceeding and Docket No. ACR2020 avoided costs is 85.4 percent, an improvement of 12.2 percentage points. See *id*. Similarly, with respect to the Periodicals Outside County Carrier Route Basic workshare discount, the Commission notes that comparing the passthrough calculated using Docket No. R2021-1 rates and Docket No. ACR2020 avoided costs (71.2 percent) with the passthrough calculated using the rates proposed in this proceeding and Docket No. ACR2020 avoided costs (85.9 percent) illustrates that this passthrough has also been increased substantially (14.7 percentage points). See Notice at 23. Percentage point increases of 12.2 and 14.7 percentage points are certainly indicative of workshare discounts with improved pricing efficiency as envisioned by the rules.

⁸⁵ NPPC Comments at 13; MPA/ANM Comments at 8.

⁸⁶ See Library Reference PRC-LR-R2021-2-1, Excel file "PRC_CAPCALC-FCM-R2021-2.xlsx," tab "FCM Worksharing."

8. Service Performance and Reductions in Service Standards

Comments. Multiple commenters raise concerns about the Postal Service's recent service performance and proposed reductions in service standards.⁸⁷ Raymond Briggs states that the proposed price adjustments combined with slower service standards result in customers paying more for slower service. Briggs Comments at 1. ANA asserts that recent service changes have disrupted the predictability of mail delivery, which has increased costs for mailers, caused business disruption, and will lead to volume declines. ANA Comments at 3. Lilit Danielyan alleges that the above-inflation price increases are not justified given the Postal Service's delivery issues with First-Class Mail Letters.⁸⁸ NPPC states that the Postal Service's decision to reduce service standards and claim that "reliably slow delivery . . . is preferable to generally faster but perhaps less consistent service" puts the Postal Service at risk of "charging down a path towards irrelevance in the communications marketplace." NPPC Comments at 12. MPA and ANM note that the Postal Service's productivity has decreased over the past 5 years and that the Postal Service has failed to meet its service performance targets in FY 2020 and proposed to further reduce service performance standards for Market Dominant products. MPA/ANM Comments at 7.

Commission analysis. The Commission finds that changes to service standards and the Postal Service's service performance are beyond the scope of this proceeding.

⁸⁷ See, e.g., ANA Comments at 3; Briggs Comments at 1; Danielyan Comments at 1; NPPC Comments at 12; MPA/ANM Comments at 7; PostCom Comments at 5. Service standards specify the amount of time within which a customer may ordinarily expect that a particular mailpiece will be delivered, in accordance with a detailed set of business rules. FY 2020 ACD at 96. Service performance refers to the comparison of the percentage of mailpieces that achieve the stated service standard against targets established by the Postal Service. *Id.* at 97.

⁸⁸ Danielyan Comments at 1. Lilit Danielyan also raises concerns with higher package prices and offers suggestions for improving the Postal Service's finances. *Id.* Both issues are outside the scope of this proceeding. The Commission notes that the vast majority of packages are Competitive products, and particularly those used by retail customers, and their prices will remain unaffected by this proceeding. With regard to Lilit Danielyan's suggestions regarding improvement of the Postal Service's finances, the Commission notes that the suggestions raised by this commenter require Congressional action.

In this proceeding, the Commission's role is limited to reviewing the planned price adjustments for consistency with applicable law, which is defined as the applicable requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629. 39 C.F.R. § 3030.126(b). The Commission notes there are multiple other proceedings in which the Commission addresses service-related issues. For example, the Commission reviews the Postal Service's service performance annually as part of the ACD. *See, e.g.*, FY 2020 ACD at 96-208. In addition, the Commission provides an advisory opinion anytime "the Postal Service determines that there should be a change in the nature of postal services which will generally affect service on a nationwide or substantially nationwide basis." 39 U.S.C. § 3661(b). There are two such cases, proposing changes to service standards, currently pending before the Commission in Docket Nos. N2021-1 and N2021-2. Those proceedings are more appropriate forums for stakeholders to raise concerns about service standards and service performance.

With regard to assertions that above-inflation price increases are not justified in light of the Postal Service's delivery and service issues, the Commission emphasizes that when it allowed for additional forms of rate authority in Order No. 5763 it found that the Postal Service had responded to its financial distress "with an aggressive attempt to cut costs by reducing service standards," and above-inflation price increases were necessary to achieve the objectives of 39 U.S.C. § 3622(b) pursuant to its authority in 39 U.S.C. § 3622(d)(3). Order No. 5763 at 2-3, 5-10, 16, 325. The additional forms of rate authority, which are being utilized for the first time in this proceeding, are specifically targeted to address areas where the inflation-based price cap was preventing the ratemaking system from meeting the statutorily mandated objectives. *Id.* at 5-10, 16-19.

9. Effects of the Proposed Price Adjustments

Comments. Many commenters raise concerns about the effects the price increases will have on their businesses and the mailing industry.⁸⁹ ANA expresses concern about the higher rates “at a time when the nation is still trying to recover from the global pandemic and its terrible economic fallout” and states that customers “cannot afford multiple increases in this short period of time.” ANA Comments at 2.

NMA explains that newspapers frequently use Periodicals mail to distribute their newspapers and USPS Marketing Mail to distribute Total Market Coverage (TMC) program mailings that provide advertising to residents who do not subscribe to the print newspaper. NMA Comments at 2. NMA asserts that newspapers are sensitive to postal costs as they have not been able to pass postage rate increases onto readers and advertising customers. *Id.* at 3. Thus, increases in postage rates have caused newspapers to decrease their TMC mailings as even current rates “are too high in many geographic markets, judging by the willingness of advertisers to pay.” *Id.* NMA expects this trend to continue with the price increases proposed in this proceeding. *Id.* at 6. NMA also asserts that the price increases may cause some newspapers to reduce staff or coverage or shut down completely. *Id.* at 5.

DAV and ANA assert that a substantial increase in postal prices will directly impact nonprofits’ resources and ability to provide needed services and request that the Commission consider the impact of the increases on nonprofits. DAV Comments at 1; ANA Comments at 5. ANA states that nonprofits do not have funds set aside for these price increases and cannot pass on the costs as they are sustained by voluntary donors. ANA Comments at 5. Other commenters raise concerns about the effect of the

⁸⁹ See, e.g., Briggs Comments at 1; DAV Comments at 1; ANA Comments at 2; NAPM Comments at 2; NRECA Comments at 1-2; Pioneer Utility Comments at 1-2; NC Electric Cooperatives Comments at 1-2; ND Electric Cooperatives Comments at 1-2; NMA Comments at 1.

increased rates on rural areas.⁹⁰ These commenters state that increased costs will be passed on to rural customers.⁹¹ NRECA and Pioneer Utility assert that counter to the policy of the current Administration, the proposed price increases for First-Class Mail and Periodicals will worsen inequity and poverty in rural America and request that the Commission reject the proposed price increases. NRECA Comments at 1-3; Pioneer Utility Comments at 1-3. NC Electric Cooperatives and ND Electric Cooperatives also maintain the proposed price increases should be reconsidered. NC Electric Cooperatives Comments at 1; ND Electric Cooperatives Comments at 1.

Several commenters also raise that the proposed price increases will result in reduced mail volumes.⁹² ANA, Raymond Briggs, and NPPC assert that mailers will reduce the volumes of their mailings as a result of these price increases in order to stay on budget.⁹³ NPPC states that this may cause the Postal Service to collect about the same amount of revenue, but volumes will decrease, and that reduction will put additional pressure on the density factor, which will cause remaining pieces to shoulder even greater increases. NPPC Comments at 8. NPPC further asserts that this will cause mailers to reduce their exposure by reducing future mailings and ultimately their investments in mailing technology. *Id.* at 9. ANA agrees stating that increased prices will create “a downward spiral of nonprofit mail and the [First-Class Mail] it generates with postal volumes decreas[ing] at a rate greater than the postal increases and compounding the loss in volume and revenue each year.” ANA Comments at 4. ANA

⁹⁰ NRECA Comments at 1-3; Pioneer Utility Comments at 1-3; NC Electric Cooperatives Comments at 1; ND Electric Cooperatives Comments at 1.

⁹¹ NRECA Comments at 3; NC Electric Cooperatives Comments at 2; ND Electric Cooperatives Comments at 2.

⁹² See, e.g., NPPC Comments at 7-8; ANA Comments at 2, 4-5; Briggs Comments at 1; Danielyan Comments at 1; NMA Comments at 8; ND Electric Cooperatives Comments at 2.

⁹³ ANA Comments at 4; Briggs Comments at 1; NPPC Comments at 7, 8.

asserts that lower volumes will lead to efficiency loss, while affordable rates would enable mailers to maintain stable volume levels. *Id.* at 4, 5.

NMA claims that the price increases “will inflict much damage on newspapers that rely on the mail to distribute their products, will reduce the amount of profitable Periodicals and USPS Marketing Mail in the postal system, and ultimately harm the public interest while doing little to improve the Postal Service’s financial condition.” NMA Comments at 1. NMA asserts that “such rate increases unquestionably will cause some publishers to take their newspapers out of the system,” which “will simply divert locally-entered, likely profitable mail, from the system.” *Id.* at 4, 5.

Commission analysis. In Docket No. RM2017-3, the Commission considered the impact of the changes it was proposing to the Market Dominant ratemaking system on mailers after receiving a significant number of comments from the mailing community. Order No. 5763 at 268-270, Appendix B. The Commission explained that it considered how the modifications to the ratemaking system are necessary to achieve the objectives in conjunction with each other and how they apply to the system as a whole. Order No. 5763 at 268. The Commission acknowledged that “although some aspects of the final rules may be in tension with particular components of certain objectives, ultimately, . . . the weight of the balance favor[ed] implementation of the final rules.” *Id.* at 281. The Commission stated that it “considered the impact of above CPI[-U] price increases on mailers as well as the Postal Service and . . . balanced these considerations with all of the objectives.” *Id.* at 269. The Commission ultimately determined that additional pricing authority was necessary, and that “under the parameters set forth in the final rules, the Postal Service will be able to obtain necessary revenue while minimizing the burden on mailers.” *Id.* Additionally, the Commission noted that “the final rules provide safeguards to protect mailers from deleterious effects of the increased rates – not only will the Commission perform a holistic review of the revised Market Dominant ratemaking system in 5 years, it also

possesses the ability to adjust components of that system sooner than 5 years if serious ill effects are alleged and proven.” *Id.* at 269-270.

The Commission fully addressed this issue in Docket No. RM2017-3, and none of the comments in this proceeding cast any doubt on those conclusions. The planned price increases are consistent with the additional pricing authority the Commission determined was necessary in Order No. 5763, and nothing in the comments received in this proceeding reflects substantially different alleged harms than those considered in Docket No. RM2017-3. As explained in Section IV.B.6., *supra*, the Postal Service suffered a cumulative net loss of \$59.1 billion in the decade after the PAEA was enacted and defaulted on the vast majority of its statutory payment obligations, and the Postal Service’s year-to-date net loss this year is \$1.3 billion. The fact is that increases in postal prices affect all mailers, and may affect some more so than others. However, in Docket No. RM2017-3, the Commission was tasked with reviewing the initial Market Dominant ratemaking system and permitted to modify it as necessary to achieve all the objectives of 39 U.S.C. § 3622(b) in conjunction with each other. 39 U.S.C. § 3622(d)(3). Ultimately, the Commission found after multiple rounds of notice-and-comment that above-inflation price increases were necessary to achieve the objectives. Order No. 5763 at 2-3, 5-10, 16. The new forms of rate authority that give rise to the price increases in this proceeding are available to the Postal Service under current law, and the Commission’s role in this proceeding is limited to reviewing the planned price adjustments for consistency with applicable law, which specifically means the requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629. See Sections IV.B.2. and IV.B.4., *supra*; 39 C.F.R. § 3030.126(b). As a result, the Commission has no basis for rejecting the proposed price increases due to alleged effects on specific mailers.

With regard to assertions that volumes will decrease due to the price increases, the Commission also discussed comments raising concerns that price increases would

result in declining mail volumes in Docket No. RM2017-3. The Commission emphasized that the Board of Governors of the Postal Service sets the rates for postal services, not the Commission, and “is in the best position to determine how to best utilize the pricing authority and make decisions about specific price increases.” Order No. 5763 at 81, 270. The Commission expected “the Postal Service to use its business judgment in utilizing the tools provided in the system of ratemaking to craft pricing schemes and specific prices” and noted the Postal Service “can choose not to use all of its available rate authority if it decides that doing so would be counterproductive.” *Id.* at 83, 270. The Commission also noted that “[i]n the Commission’s experience, demand for Market Dominant products has been relatively price inelastic.” *Id.* at 82. This means that the decrease in volume induced by the increased rate authority is expected to be less in proportional terms than the amount of the increased rate authority. *Id.* However, the Commission also stated that if price elasticities for Market Dominant products changed and volume effects were outside the expected range, then the Commission retained the ability to revisit the issue sooner than the planned 5-year review. *Id.* at 83. This does not mean that the price increases approved in this Order are foreclosed from causing some volume declines. However, the Commission ultimately concludes that the balancing of how much rate authority to utilize and which products and rate cells to apply it to is within the Postal Service’s discretion, so long as the proposed rates comply with the requirements of applicable law. See 39 C.F.R. § 3030.126(b).

10. Pricing Incentives

Comments. NAPM and Pitney Bowes support the Postal Service’s continued use of pricing incentives, which they assert encourages efficiency, cost reduction, and transparency. NAPM Comments at 3; Pitney Bowes Comments at 3. With regard to the Seamless Acceptance incentive, NAPM suggests the Postal Service should increase the price incentive for Seamless Acceptance in the next price change given the

costs that mailers incur to support it and the benefits the Postal Service accrues from mailer participation. NAPM Comments at 3-4. With regard to the Full-Service Intelligent Mail barcode (IMb) incentive, NAPM “commends the Postal Service’s decision to maintain the existing Full-Service price incentives,” which it asserts “continues to partially offset the ongoing and increasing costs for mailers to prepare high value, data-rich, streamlined mail for the [Postal Service].” *Id.* at 4. NAPM notes that “[a]t a time when many mailers are facing increased economic pressures brought on by the pandemic, it is critical to preserve the necessary price incentives to partly defray their ongoing costs and investment to meeting the IMb Full-Service requirements.” *Id.* Pitney Bowes echoes this, stating that it “commends the Postal Service for continuing to use these price incentives to stimulate investments and help recover the considerable ongoing expenses incurred by mailers and mail service providers as they support a more efficient mail stream.” Pitney Bowes Comments at 3.

Commission analysis. The Commission finds the Seamless Acceptance and Full-Service IMb incentives consistent with applicable law. 39 C.F.R. § 3030.126(b). In addition, as the Commission has previously stated, these incentives encourage more efficient mailpieces that have lower costs to process while also encouraging increased mail volumes. Order No. 5757 at 73, 104, 106. The Postal Service should continue to consider the positive effects of these incentives when exercising its pricing flexibility related to these incentives.

11. The Postal Service’s Use of Available Pricing Authority

Comments. MPA and ANM argue that “[s]hielding [Market Dominant] mailers against potential abuses of the Postal Service’s market power was Congress’ expressed policy[,]” which it effectuated through “a price cap on market-dominant price increases.” MPA/ANM Comments at 5. MPA and ANM point out that the Postal Service “has persistently sought near-unfettered pricing authority” while “simultaneously insist[ing] that it could be entrusted not to price-gouge its customers.” *Id.* at 6. MPA

and ANM describe multiple instances where they allege the Postal Service represented that it would not use all of the pricing authority granted to it and allege that the Commission “perpetuated this narrative.” *Id.* MPA and ANM state that the proposed price changes in this proceeding demonstrate the falsity of this narrative. *Id.* at 6-7.

Commission analysis. MPA and ANM appear to argue that the new forms of rate authority that allow for price increases above those based on CPI-U and the Postal Service’s decision to utilize those new forms of rate authority in this proceeding violate the intent of the PAEA. The appropriate forum for resolution of the question of whether the new forms of rate authority violate the intent of the PAEA is the Court of Appeals for the D.C. Circuit in the currently pending appeal of Docket No. RM2017-3 and not this proceeding. In this proceeding, the Commission’s task is limited to reviewing the planned price adjustments for consistency with applicable law, which specifically means the requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629. 39 C.F.R. § 3030.126(b).

That said, the Commission emphasizes that it was Congress that tasked the Commission with reviewing the initial Market Dominant ratemaking system and Congress that allowed the Commission to modify or adopt an alternative system “as necessary to achieve the objectives” of 39 U.S.C. § 3622(b). 39 U.S.C. § 3622(d)(3). In Docket No. RM2017-3, the Commission found the initial Market Dominant ratemaking system was not achieving the objectives of 39 U.S.C. § 3622(b), taking into account the factors of 39 U.S.C. § 3622(c). See *generally* Order No. 4257. After making that determination, the Commission took steps to modify the Market Dominant ratemaking system as necessary to achieve the objectives pursuant to 39 U.S.C. § 3622(d)(3). See *generally* Order No. 5763. The new forms of rate authority to which MPA and ANM object were among the modifications the Commission found necessary to achieve the objectives. *Id.* at 23.

In response to MPA's and ANM's allegations that the Postal Service and the Commission perpetuated a false narrative that the Postal Service would not use all of the pricing authority available, the Commission asserts that it has consistently stated that the decision on how much pricing authority to use is within the Postal Service's discretion. Order No. 5763 at 81, 270, 346. The Commission never foreclosed that the Postal Service would elect to use nearly all of the available pricing authority; it instead acknowledged that the role of the ratemaking system is to set the maximum pricing authority available while the Postal Service's role is to use its business judgment and act in its own best interests in determining how much pricing authority to use. *Id.* at 270, 346. Similarly, none of the Postal Service's statements quoted in the MPA/ANM Comments reflect any kind of commitment on the part of the Postal Service to not use all of the available pricing authority and instead reflect an acknowledgment on the part of the Postal Service of its discretion to decide how much of the available pricing authority to use. See MPA/ANM Comments at 6-7.

12. Application of 39 C.F.R. § 3030.121(b)

Comments. NPPC states that the Commission should reject the Notice for non-compliance with 39 C.F.R. § 3030.121(b) because there is no indication the Postal Service has taken into consideration how the planned rate adjustments are in accordance with the provisions of 39 U.S.C. chapter 36. NPPC Comments at 10. NMA makes a similar assertion, stating the Notice did not address how the price adjustments were consistent with 39 U.S.C. § 101(a) and other statutory requirements. NMA Comments at 3-4, 6.

Commission analysis. 39 C.F.R. § 3030.121(b) requires that the Postal Service "take into consideration how the planned adjustments are in accordance with the provisions of 39 U.S.C. chapter 36." 39 C.F.R. § 3030.121(b). It does not, however, impose any related filing or other requirements on the Postal Service related to that provision in rate adjustment proceedings. See *id.* § 3030.122, § 3030.123. As a result,

the Commission finds that there are no grounds to reject the Notice for non-compliance with 39 C.F.R. § 3030.121(b).

13. Retirement Obligation Rate Authority

Comments. ANA states that the cost of retiree health benefits have been referenced as a major factor in past price increases, and that mailers have been charged higher rates for those costs, which the Postal Service has not paid. ANA Comments at 3. ANA asserts that prefunding retiree health benefits should not be allowed to cause price increases without the Postal Service making those payments. *Id.* at 3-4. ANA further asserts that prefunding retiree health benefits “is an obligation that is a matter for the United States Congress to fix.” *Id.* at 5.

Commission analysis. As discussed in Section IV.B.2., *supra*, prior to the implementation of the modified ratemaking system, price increases for Market Dominant products were generally capped at the rate of inflation as measured by CPI-U. 39 U.S.C. § 3622(d)(1)(A). Thus, in prior rate adjustment proceedings, the cost of retiree health benefits had no bearing on the amount of pricing authority available to the Postal Service.

The modified system of ratemaking and the new rules promulgated in Docket No. RM2017-3 added additional forms of rate authority, including a form of rate authority called the Retirement Obligation Rate Authority. See 39 C.F.R. part 3030, subpart E. The Retirement Obligation Rate Authority was specifically designed to provide the Postal Service revenue to address statutorily mandated amortization payments for retirement costs. Order No. 5763 at 17. However, unlike the other forms of new rate authority, any revenue collected from utilizing the Retirement Obligation Rate Authority must be remitted to the Postal Service’s outstanding liabilities. *Id.* at 101; 39 C.F.R. § 3030.184.

In addition, the Commission notes that it addressed comments stating that retiree health benefits were best addressed by Congress in Order No. 5763. It concluded that although Congress certainly has the authority to act to address the retirement obligations of the Postal Service, in the absence of Congressional action, the Commission has the authority and responsibility “to take action to address the identified retirement costs, which remain a primary driver of the Postal Service’s ongoing losses, thus preventing the Postal Service from achieving net income.” Order No. 5763 at 116.

V. FIRST-CLASS MAIL

A. Introduction

This section discusses the price adjustment authority, non-compensatory products, workshare discounts, and classification changes applicable to First-Class Mail. This section also discusses comments related to First-Class Mail not addressed elsewhere in this Order.

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, 6.814 percent, which results in 0.004 percent remaining unused price adjustment authority.⁹⁴ Table V-1 shows the percentage price change for each First-Class Mail product as calculated by the Commission.

⁹⁴ As shown in Table II-1, *supra*, the Postal Service has 6.818 percent in available pricing authority. Subtracting the 6.814 percent the Postal Service is using in this proceeding from its available pricing authority calculates to 0.004 percent remaining as unused rate adjustment authority. See Library Reference PRC-LR-R2021-2-1, Excel file “PRC_CAPCALC-FCM-R2021-2.xlsx.”

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

First-Class Mail Product	Price Change %
Single-Piece Letters/Postcards	5.001
Presorted Letters/Postcards	7.440
Flats	10.318
Outbound Single-Piece FCMI	8.351
Inbound Letter Post	6.568
Overall	6.814
Source: Library Reference PRC-LR-R2021-2-1, Excel file "PRC_CAPCALC-FCM-R2021-2.xlsx."	

2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. The Postal Service proposes to make three adjustments to the hybrid year billing determinants for First-Class Mail. *Id.* at 11. First, the Postal Service adjusts the Nonautomation Presorted Letters volume to account for the revised pricing structure it is proposing in this proceeding. *Id.* The revised pricing structure is discussed in detail in Section V.E., *infra*. Second, the Postal Service converts Picture Permit's revenues to volumes as it has in prior proceedings. *Id.* Third, the Postal Service uses Postal One data to determine the volume that would have qualified for the Seamless Acceptance incentive for the part of the hybrid year before the incentive went into effect. *Id.* at 11-12.

3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative asserts that the planned price adjustments comply with the requirements of the price cap. PR Comments at 5, 7.

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 C.F.R. part 3030. The Postal Service's planned price adjustment of 6.814 percent is less than the total available authority of 6.818 percent; therefore, the total unused price adjustment authority available for First-Class Mail as a result of this proceeding is 0.004 percent.⁹⁵ The Commission accepts the Postal Service's adjustments to the billing determinants for First-Class Mail as reasonable.

C. Non-Compensatory Products

1. Introduction

In FY 2020, Inbound Letter Post was the only First-Class Mail product that did not cover its attributable costs.⁹⁶

⁹⁵ The new pricing authority available to First-Class Mail in this proceeding is 6.806 percent. In addition to that pricing authority, First-Class Mail had 0.012 percent of existing unused rate adjustment authority available. Therefore, the total pricing authority available for First-Class Mail in this proceeding is 6.818 percent. See Library Reference PRC-LR-R2021-2-1, Excel file "PRC_CAPCALC-FCM-R2021-2.xlsx."

⁹⁶ FY 2020 ACD at 56. 39 C.F.R. § 3030.220 provides that the Commission determines when a product is non-compensatory. Except when exceptional circumstances apply, the Commission expects it will generally use the findings of the most recent ACD to make this determination.

2. The Postal Service's Position

The proposed percentage change in prices for Inbound Letter Post as a result of this proceeding is lower than the First-Class Mail average price increase of 6.814 percent. Notice at 7. The Postal Services notes that “[t]his is based on the expected terminal dues price increases that are likely to be adopted at the next Universal Postal Union Congress” and that the rates are expected to take effect on January 1, 2022. *Id.* at 10 and n.18.

3. Comments

The Public Representative states that the Inbound Letter Post price adjustment complies with the FY 2020 ACD and 39 C.F.R. § 3030.221. PR Comments at 22. No other commenters raise issues pertaining to Inbound Letter Post's status as a non-compensatory product.

4. Commission Analysis

As described in Section II., *supra*, there are two regulatory requirements specific to non-compensatory products in compensatory classes: (1) rates may not be reduced for non-compensatory products; and (2) rates for each non-compensatory product must increase by a minimum of 2 percentage points above the average percentage increase for its compensatory class. 39 C.F.R. § 3030.127(b); *Id.* § 3030.221. The Commission also provided one narrow exception to the required increase of 2 percentage points above the class average. Specifically, 39 C.F.R. § 3030.221 “does not apply to a non-compensatory product for which the Commission has determined that the Postal Service lacks independent authority to set rates (such as rates set by treaty obligation).” *Id.* § 3030.221.

The Commission finds that the proposed price increase for Inbound Letter Post complies with 39 C.F.R. § 3030.127(b) because Inbound Letter Post prices are

increasing. Additionally, although the proposed increase for Inbound Letter Post is below the First-Class Mail class average increase of 6.814 percent, Inbound Letter Post prices are set by treaty obligation, and therefore, are exempted from the pricing requirements of 39 C.F.R. § 3030.221. FY 2020 ACD at 56; Order No. 5763 at 188.

D. Workshare Discounts

1. Introduction

As described in Section II., *supra*, the rules in 39 C.F.R. part 3030, subpart J govern the pricing requirements for workshare discounts. The Postal Service asserts that all First-Class Mail workshare discounts comply with 39 C.F.R. part 3030, subpart J. Notice at 10.

2. The Postal Service's Position

The Postal Service states that one First-Class Mail passthrough, Automation area distribution center (ADC) Flats, is equal to 100 percent. *Id.* It asserts that “[a]ll other First-Class Mail passthroughs are set between 85 and 100 percent, complying with the condition in 39 C.F.R. § 3030.284(e).” *Id.* at 10-11.

3. Comments

The Public Representative states that the proposed workshare discounts comply with 39 C.F.R. part 3030, subpart J and reflect an improvement in bringing workshare discounts closer to avoided costs. PR Comments at 12. He also notes that the new workshare discounts for First-Class Mail comply with 39 C.F.R. § 3030.284.⁹⁷

⁹⁷ *Id.* The new workshare discounts for First-Class Mail are discussed further in Section V.E., *infra*.

Pitney Bowes states that the “planned price adjustments demonstrate the value of the Commission establishing clear regulatory standards for workshare discounts.” Pitney Bowes Comments at 1. Pitney Bowes emphasizes the importance of the 5-Digit Automation Letters workshare discount and notes the Postal Service’s proposed increase in the discount “is an important first step” to setting this discount to more fully reflect the work performed by mailers. *Id.* at 2. Pitney Bowes suggests that the Commission encourage the Postal Service to continue to incrementally improve workshare discounts by moving passthroughs closer to 100 percent. *Id.*

To the extent commenters raised concerns about the sufficiency of 39 C.F.R. part 3030, subpart J and referenced First-Class Mail workshare discounts in a related discussion, those comments are discussed in Section IV.B.7., *supra*.

4. Commission Analysis

In accordance with 39 C.F.R. § 3030.282, if a workshare discount is currently equal to the cost avoided by the Postal Service, the size of the discount cannot be changed; if a workshare discount currently exceeds the cost avoided by the Postal Service, then the size of the discount cannot be increased; and if a workshare discount currently is less than the cost avoided by the Postal Service, then the size of the discount cannot be decreased. 39 C.F.R. § 3030.282. The Commission has verified that all First-Class Mail workshare discounts proposed in this proceeding comply with 39 C.F.R. § 3030.282.

The regulations also provide specific limitations on how workshare discounts that do not equal avoided costs can be set. The Postal Service asserts that with the exception of the Automation ADC Flats workshare discount, which is set equal to avoided costs, all other First-Class Mail workshare discounts are set to result in passthroughs between 85 and 100 percent. Notice at 10. In accordance with 39 C.F.R. 3030.284, “[n]o proposal to adjust a rate may set a workshare discount that would be

below the cost avoided by the Postal Service for not providing the applicable service” unless one of several exceptions applies. 39 C.F.R. § 3030.284(a). One of the exceptions permits workshare discounts where “[t]he percentage passthrough for the proposed workshare discount is at least 85 percent.” *Id.* § 3030.284(e). The Commission has confirmed that all First-Class Mail workshare discounts set below avoided costs result in a passthrough of at least 85 percent, thus complying with 39 C.F.R. § 3030.284. The Commission encourages the Postal Service to continue to move passthroughs closer to 100 percent in future rate adjustments.

E. Mail Classification Changes

1. Introduction

The classification changes for First-Class Mail pertaining to the proposed CY 2022 promotions are addressed in Section IV.A., *supra*. In addition to the promotions-related changes, the Postal Service proposes a new rate structure for Nonautomation Machinable and Nonmachinable Letters in this proceeding.

2. The Postal Service’s Position

The Postal Service states that the new rate structure for Nonautomation Machinable and Nonmachinable Letters “essentially aligns these products with the corresponding [USPS] Marketing Mail structure by differentiating presort levels.” Notice at 8. Specifically, for Nonautomation Machinable Letters, the Postal Service proposes to replace the previous Nonautomation Presort Letter discount with a new Nonautomation Machinable Letters Mixed automated area distribution center (AADC) discount. June 11 Response to CHIR No. 2, question 1.a. In addition, the Postal Service adds a Nonautomation Machinable Letters AADC discount. *Id.* For Nonmachinable Letters, the Postal Service adds new Nonautomation Nonmachinable 3-Digit and 5-Digit Letters discounts. *Id.* In addition, a new price for Nonautomation

Nonmachinable Letters Mixed ADC replaces the previous Nonautomation Presort Letter discount. *Id.* The Postal Service claims that the new Nonmachinable Letters Mixed ADC price is not a workshare discount because machinability is not considered worksharing. *Id.*, question 1.b.

The Postal Service explains that “it intends for this rate restructuring to incentivize greater presortation by mailers, increase pricing flexibility, and better align pricing structures across classes.” Notice at 9. The Postal Service states that it expects to “benefit operationally from these discounts if customers’ preparation practices are altered in response to these incentives to produce more finely presorted nonautomation letters.” Response to CHIR No. 3, question 2.a. The Postal Service asserts that “[b]enefits should, therefore, accrue both to mailers and to the Postal Service.” Notice at 9. The Postal Service states that “the new discounts will not adversely affect the customers who do not choose to take advantage of them, as they can continue to use their existing discounts (or other products, as applicable).” *Id.* The Postal Service also represents that it “is not aware of any reason that timeliness of processing, delivery, or transportation” or “service performance would be impacted by the proposed discounts.” Response to CHIR No. 3, question 2.d., e.

3. Comments

NPPC supports the new rate structure for Nonautomation Machinable and Nonmachinable Letters, stating that “restructuring the rates to better match costs is generally desirable rate design.” NPPC Comments at 14. NAPM also supports the new rate structure. NAPM Comments at 2. The Public Representative states that the discounts “have characteristics that constitute a ‘workshare activity’ within the meaning of [39 U.S.C. §] 3622(e)” and that they “are not likely to have an adverse effect on customers who forgo the discounts.” PR Comments at 12.

4. Commission Analysis

The Commission accepts the proposed changes to the MCS with respect to the new rate structure for Nonautomation Machinable and Nonmachinable Letters. The Commission finds that the new rate structure should incentivize more presortation, benefiting both the Postal Service and mailers, as well as better align pricing structures between First-Class Mail and USPS Marketing Mail.

The Postal Service benchmarks the new Nonautomation Machinable Letters Mixed AADC workshare discount to Metered Letters. Notice at 8. The Postal Service claims that the new Nonmachinable Letters Mixed ADC price is not a workshare discount. June 11 Response to CHIR No. 2, question 1.b. However, the Commission finds that the new Nonautomation Machinable Letters Mixed AADC and the new Nonmachinable Letters Mixed ADC prices are both workshare discounts because they are “rate discounts provided to mailers for the . . . handling . . . of mail” and thus provide mailers a lower price for performing work that the Postal Service would otherwise perform. 39 U.S.C. § 3622(e)(1). The Commission finds it notable that the Postal Service previously considered this work by mailers worksharing as it benchmarked the prior Nonautomation Presort price to Metered Letters. See Notice at 8. Given that the prior Nonautomation Presort rate cell is being deaveraged into the new Nonautomation Machinable Letters Mixed AADC and Nonmachinable Letters Mixed ADC rate cells, the Postal Service should also deaverage the prior Metered Letters benchmark for machinability. Within 90 days of this Order, the Postal Service must file a petition for rulemaking developing a methodology accomplishing this.

F. Other Comments Related to First-Class Mail

1. Introduction

Several commenters raise concerns related to First-Class Mail that have not been addressed elsewhere in this Section.

2. Comments

NPPC generally opposes the proposed price increases for the Presorted Letters/Postcards product. NPPC Comments at 11. NPPC asserts that the Postal Service is targeting Presorted Letters/Postcards, the most profitable product within First-Class Mail, with the highest increase. *Id.* It states that because Presorted Letters/Postcards “will have received the highest rate increase in each of the last two cases, the Postal Service should expect to see its volume declines accelerate.” *Id.* at 11-12. NPPC states that it is unexplained “[w]hy the Postal Service thinks it is wise or prudent to accelerate the departure of its most profitable product” and unclear why the Postal Service would “threaten to throttle” volumes and revenues beginning to rebound from the COVID-19 pandemic lows. *Id.* at 12. NPPC claims that the Postal Service does not have a coherent pricing strategy for First-Class Mail. *Id.*

Several commenters make comments concerning specific prices.⁹⁸ Raymond Briggs expresses concern about the Automation First-Class Mail Postcard price, which he states is increasing by approximately 14 percent. Briggs Comments at 1. He questions how the overall increase for the Presorted Letters/Postcards product can be 7.440 percent when the increase for Automation Postcards is 14 percent and further questions why the Postal Service has elected to raise prices for a product where volumes have been steadier, which he claims will not result in the revenue increase the Postal Service is seeking. *Id.*

GCA raises concerns with the increase in the Single-Piece Letter Nonmachinable surcharge, which is increasing from \$0.20 to \$0.30 as a result of this proceeding. GCA Comments at 1. GCA claims that the First-Class Mail price cap calculations improperly

⁹⁸ See, e.g., Briggs Comments at 1; GCA Comments at 1-3; Pitney Bowes Comments at 2-3; NPPC Comments at 14; JLS Comments at 1; NAPM Comments at 2-3. Pitney Bowes voices support for the Postal Service’s proposal to restore the 5-cent price differential between Stamped and Metered Letters. Pitney Bowes Comments at 2-3.

show no volume effect from the increased surcharge and asserts that a 50 percent increase is inconsistent with Objective 2 (create predictability and stability in rates), Objective 8 (establish and maintain a just and reasonable schedule for rates and classifications), and Factor 3 (the effect of rate increases on the general public). *Id.* at 1-3. GCA also criticizes the delinking of the extra-ounce price and Nonmachinable surcharge, stating that the Postal Service has ended the convenience of mailers being able to use a single form of indicia for either an additional ounce or a Nonmachinable piece. *Id.* at 2. GCA supports the additional ounce price remaining at \$0.20, but is concerned as to how consumers may react to what it asserts is “increased complexity and inconvenience.” *Id.* at 2-3.

Several commenters raise concern that the price for an AADC Machinable Letter and an AADC Automation Letter are set the same as a result of this proceeding.⁹⁹ NPPC states “there is no obvious reason why the two rates should be equal, as the AADC Automation Letter, which bears a barcode, should cost less to process than the Machinable letter, which does not.” NPPC Comments at 14. JLS raises similar concerns, stating that the Postal Service previously incentivized barcoded trays with lower prices, which reduces Postal Service costs and improves mail quality. JLS Comments at 1. JLS asserts that equalizing the two prices encourages mailers to not automate and incentivizes a reduction in mail quality, hurting the Postal Service and mailers and destabilizing “the entire Automated Presort industry.” *Id.* NAPM echoes this stating that this pricing decision disincentivizes pre-barcoded mail, which will cause mail to move to non-barcoded categories that are less dense and efficient for the Postal Service. NAPM Comments at 2-3. NAPM also states that barcoded mail is presented as Full-Service IMb or Seamless Acceptance mail, which provide many additional benefits to the Postal Service. *Id.* at 3. NPPC suggests the Postal Service should lower the AADC Automation rate in the future, while NAPM asserts that if this was an

⁹⁹ NPPC Comments at 14; JLS Comments at 1; NAPM Comments at 2-3.

oversight on the part of the Postal Service, the equalized prices should be addressed in this proceeding to prevent smaller mail service providers from losing customers “as a result of this anomaly.” NPPC Comments at 14; NAPM Comments at 2-3.

3. Commission Analysis

With regard to concerns about specific price increases exceeding the average increase for a class or product, the Commission notes that pricing flexibility for the Postal Service is an important component of the Market Dominant ratemaking system and that Objective 4 specifically calls for the Market Dominant ratemaking system to allow the Postal Service pricing flexibility. See 39 U.S.C. § 3622(b)(4). The authority to establish prices is vested primarily in the Governors of the Postal Service. 39 U.S.C. § 404(b). Under the ratemaking system, the Governors of the Postal Service have the discretion to use some, none, or all of the available rate authority and to select individual prices for products and rate cells that comply with the class-level price cap. Order No. 5763 at 313-14, 315-16. The Commission previously found that the class-level application of the price cap allows the Postal Service pricing flexibility to vary the size of rate changes at the class, product, and rate cell levels, which is consistent with Objective 4 and Objective 8, which explicitly states that it “shall not be construed to prohibit the Postal Service from making changes of unequal magnitude within, between, or among classes of mail.”¹⁰⁰ Thus, the Postal Service retains flexibility to vary proposed prices within classes and products, so long as the proposed prices comply with the requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629. See 39 C.F.R. § 3030.126(b).

With regard to NPPC’s concerns that the Presorted Letters/Postcards product is receiving the highest increase without an articulated pricing strategy by the Postal Service and at the risk of volume loss, the Commission reiterates that such a decision is

¹⁰⁰ *Id.* at 315-316. See 39 U.S.C. § 3622(b)(4), (8).

within the Postal Service's discretion and pricing flexibility. See NPPC Comments at 11-12. The Postal Service's ability to vary the size of rate changes at the class, product, and rate cell level has been in place since the creation of the initial Market Dominant ratemaking system following the passage of the PAEA and was not altered by Order No. 5763. Nonetheless, the Commission encourages the Postal Service to better communicate its pricing strategies with mailers and stakeholders, so they have more insight into the reasoning behind the Postal Service's pricing decisions.

With regard to the specific concerns about Automation Postcards raised by Raymond Briggs, the Commission has verified that the approximately 14 percent increase for those rate cells is permissible under the First-Class Mail price cap and otherwise meets the requirements of applicable law. See 39 C.F.R. § 3030.126(b). As explained above, prices at the rate cell level can differ from the class- and product-level averages as long as the planned price increases for a given class comply with applicable law.

With regard to the concerns raised by GCA about the increase in the Nonmachinable surcharge, the Commission observes that GCA's claims that the increase in the Nonmachinable surcharge is inconsistent with Objective 2 (create predictability and stability in rates), Objective 8 (establish and maintain a just and reasonable schedule for rates and classifications), and Factor 3 (the effect of rate increases on the general public) are based solely on GCA's claim that the price is increasing 50 percent. GCA Comments at 3. As a preliminary matter, the Commission notes that Nonmachinable surcharge is not a standalone price, but rather a price added onto the price for a Single-Piece First-Class Mail Letter. Therefore, as a result of this proceeding, the price of a Single-Piece First-Class Mail Nonmachinable Letter is increasing from \$0.75 to \$0.88, an approximately 17 percent increase and a difference of 13 cents for a given Nonmachinable mailpiece. To characterize the price increase as

a 50 percent increase, as GCA does, misrepresents the actual change in price mailers will experience for an individual Nonmachinable Letter.

The Commission also notes that the Nonmachinable surcharge is charged to pieces that generally require manual processing and therefore are more costly for the Postal Service to process. This is in contrast to additional ounce pieces, which generally do not require manual processing and the associated costly additional processing steps. Thus, the Commission finds that the delinking of the extra-ounce price and the Nonmachinable surcharge appears to be targeted to disincentivize pieces requiring manual processing, which is consistent with assigning higher price increases to more costly and less efficient rate cells and Objective 1 (maximize incentives to reduce costs and increase efficiency). Further, as described above, the class-level application of the price cap allows the Postal Service pricing flexibility to vary the size of rate changes at the rate cell level, which is consistent with Objective 4. As noted above, Objective 8 expressly authorizes price changes of unequal magnitude within First-Class Mail. 39 U.S.C. § 3622(b)(8). Thus, the Commission concludes that balancing the relevant objectives and factors of 39 U.S.C. § 3622(b) and (c) in conjunction with one another supports the changes proposed by the Postal Service related to the Nonmachinable surcharge. The Commission has also verified that this proposed price change is consistent with applicable law and the related First-Class Mail price cap calculations were correctly performed.

With respect to the concerns that the price for an AADC Machinable Letter and an AADC Automation Letter are set the same as a result of this proceeding, the Commission notes that both prices are set consistent with the workshare pricing regulations of 39 C.F.R. part 3030, subpart J, and as a result, there is not a basis for denying or otherwise requiring changes to the proposed prices. See Section V.D., *supra*. The following table details how these prices are part of a worksharing tree and shows the applicable prices, discounts, avoided costs, and passthroughs.

Table V-2
Automation and Machinable Presort Letters Workshare Discounts

	Price (\$)	Discount (\$)	Avoided Cost (\$)	Passthrough (%)
Metered Letters	0.530			
Automation Mixed AADC Letters	0.485	0.045	0.052	86.5
Automation AADC Letters	0.461	0.024	0.028	85.7
Metered Letters	0.530			
Machinable Mixed AADC Letters	0.494	0.036	0.042	85.7
Machinable AADC Letters	0.461	0.033	0.038	86.8
Source: Library Reference PRC-LR-R2021-2-1, Excel file "PRC_CAPCALC-FCM-R2021-2.xlsx", tab "Passthrough Calculations."				

As shown in Table V-2, there are two worksharing relationships in the worksharing tree for each of the AADC prices: the worksharing relationship between the Metered Letters price and the Mixed AADC Letters price; and the worksharing relationship between the Mixed AADC Letters price and the AADC Letters price.

In the Automation worksharing tree, the costs that are avoided when mailers tender Automation Mixed AADC Letters instead of Metered Letters is 5.2 cents per piece. In this proceeding, the Postal Service has used its pricing flexibility in proposing a discount of 4.5 cents for these pieces, which results in a passthrough of 86.5 percent. This passthrough is consistent with the exception in 39 C.F.R. § 3030.284(e), which permits workshare discounts to be set below avoided costs as long as "[t]he percentage passthrough for the proposed workshare discount is at least 85 percent." 39 C.F.R. § 3030.284(e). The costs that are avoided when mailers tender Automation AADC Letters instead of Automation Mixed AADC Letters is 2.8 cents per piece. In this proceeding, the Postal Service has used its pricing flexibility in proposing a discount of 2.4 cents for these pieces, which results in a passthrough of 85.7 percent. This passthrough also complies with 39 C.F.R. § 3030.284(e).

In the Machinable worksharing tree, the costs that are avoided when mailers tender Machinable Mixed AADC Letters instead of Metered Letters is 4.2 cents per

piece. In this proceeding, the Postal Service has used its pricing flexibility in proposing a discount of 3.6 cents for these pieces, which results in a passthrough of 85.7 percent. This passthrough also complies with 39 C.F.R. § 3030.284(e). The costs that are avoided when mailers tender Machinable AADC Letters instead of Machinable Mixed AADC Letters is 3.8 cents per piece. In this proceeding, the Postal Service has used its pricing flexibility in proposing a discount of 3.3 cents for these pieces, which results in a passthrough of 86.8 percent. This passthrough also complies with 39 C.F.R. § 3030.284(e).

The Commission notes that the Automation AADC and Machinable AADC prices that commenters raise concerns about are part of a broader set of worksharing relationships as discussed above. Because all of the discounts in the applicable worksharing trees comply with the regulations of 39 C.F.R. part 3030, subpart J, the Postal Service otherwise has pricing flexibility to select the proposed prices for Machinable and Automation AADC Letters. If stakeholders believe that the current worksharing cost avoidance models do not correctly estimate the avoided costs associated with the worksharing activities related to these prices, the Commission encourages them to file a petition for refinement of these models. See 39 U.S.C. § 3652(e)(2); 39 C.F.R. § 3050.11.

VI. USPS MARKETING MAIL

A. Introduction

This section discusses the price adjustment authority, non-compensatory

products,¹⁰¹ workshare discounts, classification changes, statutory preferential rates, and nonprofit discounts applicable to USPS Marketing Mail. This section also discusses comments related to USPS Marketing Mail not addressed elsewhere in this Order.

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) EDDM—Retail. The planned price increase for USPS Marketing Mail is, on average, 6.814 percent, which results in 0.002 percent remaining unused price adjustment authority.¹⁰² Table VI-1 shows the percentage price change for each USPS Marketing Mail product as calculated by the Commission.

¹⁰¹ This section includes discussion regarding compliance with specific pricing directives and recommendations contained in the FY 2010, FY 2018, FY 2019, and FY 2020 ACDs. See Docket No. ACR2010, *Annual Compliance Determination*, March 29, 2011, at 107 (FY 2010 ACD); Docket No. ACR2018, *Annual Compliance Determination*, April 12, 2019, at 70-72, 78 (FY 2018 ACD); Docket No. ACR2019, *Annual Compliance Determination*, March 25, 2020, at 43, 46, 52 (FY 2019 ACD); FY 2020 ACD at 41, 46, 50.

¹⁰² As shown in Table II-1, *supra*, the Postal Service has 6.816 percent in available pricing authority. Subtracting the 6.814 percent the Postal Service is using in this proceeding from its available pricing authority calculates to 0.002 percent remaining as unused rate adjustment authority. See Library Reference PRC-LR-R2021-2-2, Excel file “PRC-CAPCALC-MM-R2021-2.xlsx.”

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

USPS Marketing Mail Product	Price Change %
Letters	6.581
Flats	8.819
Parcels	9.367
High Density and Saturation Letters	5.992
High Density and Saturation Flats/Parcels	5.454
Carrier Route	8.866
EDDM—Retail	4.167
Overall	6.814
Source: Library Reference PRC-LR-R2021-2-2, Excel file "PRC-CAPCALC-MM-R2021-2.xlsx."	

2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. The Postal Service proposes to make three adjustments to the hybrid year billing determinants for USPS Marketing Mail. *Id.* at 19. First, the Postal Service split High Density Flats volume between 5-Digit (direct) and other pallets using Postal One data to account for the new proposed workshare discount for High Density Flats pieces on 5-Digit (direct) pallets. *Id.* at 20. The new proposed workshare discount for High Density Flats is discussed in detail in Section VI.E., *infra*. Second, to give effect to the rate and classification changes for lightweight Nonautomation Nonmachinable letter-shaped pieces under 4 ounces that were approved in Docket No. R2021-1, hybrid year volumes are moved to the Flats product from the Letters product in the price cap calculation. *Id.* Third, the Postal Service uses Postal One data to determine the volume that would have qualified for the Seamless

Acceptance incentive for the part of the hybrid year before the incentive went into effect. *Id.* at 11-12, 20.

3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative asserts that the planned price adjustments comply with the requirements of the price cap. PR Comments at 5, 8.

4. Commission Analysis

The Commission finds the Postal Service's price adjustments for USPS Marketing Mail comply with the price cap limitations specified by 39 C.F.R. part 3030. In the Notice, the Postal Service states that it uses 6.815 percent of its available pricing authority for USPS Marketing Mail and that the total unused price adjustment authority available for USPS Marketing Mail after this proceeding is 0.001 percent. Notice at 5. During the proceeding, the Postal Service revised the rate for EDDM—Retail and adjusted related volumes in its workpapers. Response to CHIR No. 3, question 3.a. These changes also resulted in the Postal Service filing a revised version of Library Reference USPS-LR-R2021-2/2.¹⁰³ As a result of these changes, the Commission calculates the Postal Service's planned price adjustment for USPS Marketing Mail to be 6.814 percent, which is less than the total available authority of 6.816 percent and results in total unused price adjustment authority available for USPS Marketing Mail as a result of this proceeding of 0.002 percent.¹⁰⁴ The Commission also incorporates the Postal Service's revised price for EDDM—Retail into the Attachment to this Order.

¹⁰³ USPS Notice of Filing Amended Library References, June 21, 2021.

¹⁰⁴ The new pricing authority available to USPS Marketing Mail in this proceeding is 6.806 percent. In addition to that pricing authority, USPS Marketing Mail had 0.010 percent of existing unused rate adjustment authority available. Therefore, the total pricing authority available for USPS Marketing Mail in this proceeding is 6.816 percent. See Library Reference PRC-LR-R2021-2-2, Excel file "PRC-CAPCALC-MM-R2021-2.xlsx."

Postal Service Errata at 2. In addition, the Commission accepts the Postal Service's adjustments to the billing determinants for USPS Marketing Mail as reasonable.

C. Non-Compensatory Products

1. Introduction

In FY 2020, three USPS Marketing Mail products did not cover their attributable costs. FY 2020 ACD at 30, 42, 46. These products were USPS Marketing Mail Flats, Parcels, and Carrier Route. *Id.* The FY 2020 ACD directed the Postal Service to increase prices for each of these products by at least 2 percentage points above the class average in the next rate adjustment. *Id.* at 41, 46, 50. These directives were consistent with the Commission's prior directives and recommendations in the FY 2018 and FY 2019 ACDs. See FY 2018 ACD at 70-72, 78; FY 2019 ACD at 43, 46, 52.

In addition, the FY 2018 directive for USPS Marketing Mail Flats also required that "the 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 adjustment the following information with respect to the Flats product: a schedule of future above consumer price index 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 the Notice. An information request was therefore issued to obtain the information required by the FY 2010 ACD directive. CHIR No. 5, question 1.

2. The Postal Service's Position

The Postal Service acknowledges that the FY 2020 ACD requires it to raise rates for the USPS Marketing Mail Flats, Parcels, and Carrier Route products by at least 2

percentage points above the class average. Notice at 12. The Postal Service states that it is raising prices for these products by 8.819, 9.367, and 8.866 percent, respectively. *Id.*

For the information required by the FY 2010 ACD directive, the Postal Service states that it “hopes that the 8.819 percent increase, much larger than previous increases for [USPS] Marketing Mail Flats, will help reverse the decline in cost coverage for the product, move cost coverage toward 100 percent, and reduce the Flats['] subsidy.” Response to CHIR No. 5, question 1. Regarding a schedule of future price increases, the Postal Service explains that:

[T]he Commission has, in the ACDs for FY 2018 – 2020, now issued three directives requiring an increase in prices for Flats by at least 2 percentage points above the class average, and it has adopted 39 C.F.R. § 3030.221, requiring the same for any non-compensatory product in a compensatory class.

Id. The Postal Service asserts that “these actions have superseded the 2010 directive for a schedule of future price increases, in so far as the Commission has effectively determined the product’s price increases until such time as the product is compensatory or the Commission revises 39 C.F.R. § 3030.221.” *Id.*

3. Comments

The Public Representative states that the proposed price increases for the USPS Marketing Mail Flats, Parcels, and Carrier Route products comply with the FY 2020 ACD and 39 C.F.R. § 3030.221. PR Comments at 22-23. No other commenters raise issues pertaining to USPS Marketing Mail Flats’, Parcels’, or Carrier Route’s status as non-compensatory products or the related ACD directives.

4. Commission Analysis

As described in Section II., *supra*, there are two regulatory requirements specific to non-compensatory products in compensatory classes: (1) rates may not be reduced for non-compensatory products; and (2) rates for each non-compensatory product must increase by a minimum of 2 percentage points above the average percentage increase for its compensatory class. 39 C.F.R. § 3030.127(b); *id.* § 3030.221.

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 of 6.814 percent. This is consistent with the requirements of 39 C.F.R. § 3030.127(b) and 39 C.F.R. § 3030.221 as well as the Commission's FY 2018, FY 2019, and FY 2020 ACD directives and recommendations.¹⁰⁵

In future notices of Market Dominant price adjustment, the Postal Service must provide the information required by the FY 2010 ACD directive until such time that the Commission changes the requirement. Although the Postal Service claims that the 39 C.F.R. § 3030.221 supersedes this requirement, the Commission finds that is not the case. In requiring a price increase of at least 2 percentage points above the USPS Marketing Mail class average increase, 39 C.F.R. § 3030.221 sets a pricing floor for non-compensatory products in the USPS Marketing Mail class. However, because the rules provide the Postal Service with the discretion to set prices for Flats so long as they comply with the requirements of the rules, including 39 C.F.R. § 3030.221, it is reasonable to expect the Postal Service to continue to undertake analysis of the effects of proposed price increases on the Flats product. It is also reasonable to expect the Postal Service to provide its plans for future increases along with an explanation of how

¹⁰⁵ See FY 2018 ACD at 70-72, 78; FY 2019 ACD at 43, 46, 52; FY 2020 ACD at 41, 46, 50.

those prices will improve Flats' cost coverage and reduce the subsidy of the Flats product in each rate adjustment proceeding.

D. Workshare Discounts

1. Introduction

As described in Section II., *supra*, the rules in 39 C.F.R. part 3030, subpart J govern the pricing requirements for workshare discounts. The Postal Service asserts that all but one of the USPS Marketing Mail workshare discounts comply with 39 C.F.R. part 3030, subpart J. Notice at 14-19.

2. The Postal Service's Position

The Postal Service states that “[t]he large majority of [USPS] Marketing Mail passthroughs fall within the 85 percent to 100 percent range, . . . and ten passthroughs are set at 100 percent.” *Id.* at 14. The Notice provides more detail about passthroughs that fall outside of the 85 to 100 percent range. *Id.* Specifically, the Postal Service proposes to increase several below avoided costs workshare discounts by a minimum of 20 percent consistent with the exception in 39 C.F.R. § 3030.284(c). *Id.* at 14, 15-16, 18-19. In addition, for the new discount for High Density Flats on 5-Digit (direct) pallets, the Postal Service justifies a passthrough of 47.6 percent pursuant to the exception in 39 C.F.R. § 3030.284(b) because the workshare discount is new. *Id.* at 19. There is also one USPS Marketing Mail Parcels workshare discount with a passthrough greater than 100 percent. *Id.* at 18. The Postal Service states it is reducing that discount by at least 20 percent consistent with the exception in 39 C.F.R. § 3030.283(c). *Id.*

The Postal Service explains that there is one passthrough above 100 percent that does not qualify for an exception under 39 C.F.R. § 3030.283. *See id.* at 16. Specifically, the passthrough for Basic Carrier Route flats entered at the DDU is 134.3 percent. *Id.* The other five Carrier Route flats dropship discounts fall below 85 percent,

but each of the discounts is a minimum of 20 percent more than the existing workshare discount in accordance with the exception in 39 C.F.R. § 3030.284(c). *See id.*, Table 12. The Postal Service explains that “[e]ach of the six Carrier Route [f]lats dropship discounts comprises both a per-piece rate and a per-pound rate[, and] [a]ccordingly, the passthroughs for these discounts cannot be calculated in the straightforward manner that passthroughs for other discounts are calculated.” *Id.* The Postal Service asserts that “these six passthroughs are the result of a more complex calculation that first weights the per-piece and per-pound rates with actual mailed volumes and then compares the weighted discounts to the cost avoidance.” *Id.* at 17.

The Postal Service further asserts that:

Given this calculation method, it is not possible to bring all six Carrier Route [f]lats discounts into alignment with the Commission’s new workshare discount rules without introducing prices that are irrational on their face, such as higher prices for dropshipping at the DDU than at the [destination sectional center facility (DSCF)].

Id. The Postal Service provides workpapers it represents demonstrate this issue.¹⁰⁶ The Postal Service states that “the Governors have determined to set Carrier Route rates in the manner that accomplishes the fullest possible compliance while retaining rationality.” Notice at 18. The Postal Service asserts that “because the passthrough associated with . . . [the Basic Carrier Route flats DDU entry workshare discount] is being set above 100 percent, its non-alignment with the band accrues to the benefit of mailers rather than the Postal Service.” *Id.* The Postal Service states that it “intends to bring this passthrough into compliance as soon as practicable given changes in dropship cost avoidances and changes in the mail mix.” *Id.*

¹⁰⁶ See Library Reference USPS-LR-R2021-2/2, May 28, 2021, Excel file “Carrier Route Flats Dropship R2021-2.xlsx.”

3. Comments

NAPM “supports the improved workshare discount rate relationships for DSCF dropship entry of [USPS] Marketing Mail.” NAPM Comments at 3. The Public Representative asserts that with the exception of the Basic Carrier Route flats DDU entry workshare discount, all of the proposed USPS Marketing Mail workshare discounts comply with 39 C.F.R. part 3030, subpart J. PR Comments at 13, 15. He notes that the Basic Carrier Route flats DDU entry workshare discount is inconsistent with 39 C.F.R. part 3030, subpart J. *Id.* at 13. He states that the Postal Service should have sought a waiver pursuant to 39 C.F.R. § 3030.286(c)(5) or filed a petition seeking to change the analytical principles for calculating the Carrier Route flats workshare discounts further in advance of this proceeding. *Id.* Although he expresses some concern with the Carrier Route flats workshare discounts as proposed, he “urges the Commission to allow a one-time exception to the workshare rules” and “to strictly enforce the rules going forward.” *Id.* at 13-14.

4. Commission Analysis

In accordance with 39 C.F.R. § 3030.282, if a workshare discount is currently equal to the cost avoided by the Postal Service, the size of the discount cannot be changed; if a workshare discount currently exceeds the cost avoided by the Postal Service, then the size of the discount cannot be increased; and if a workshare discount currently is less than the cost avoided by the Postal Service, then the size of the discount cannot be decreased. 39 C.F.R. § 3030.282. The Commission has verified that all USPS Marketing Mail workshare discounts proposed in this proceeding comply with 39 C.F.R. § 3030.282 with the exception of the Basic Carrier Route flats DDU entry workshare discount, which is discussed in more detail below.

The regulations also provide specific limitations on how workshare discounts that do not equal avoided costs can be set. Workshare discounts that exceed the cost

avoided by the Postal Service are permissible if an exception listed in 39 C.F.R. § 3030.283(b)-(e) applies. One of these exceptions permits a workshare discount exceeding the cost avoided by the Postal Service if the proposed workshare discount is a minimum of 20 percent less than the existing workshare discount. *Id.* § 3030.283(c). Workshare discounts that are less than the cost avoided by the Postal Service are permissible if an exception listed in 39 C.F.R. § 3030.284(b)-(e) applies. These exceptions include: (1) the proposed workshare discount is associated with a new postal service, a change to an existing postal service, or a new workshare initiative; (2) the proposed workshare discount is a minimum of 20 percent more than the existing workshare discount; or (3) the percentage passthrough for the proposed workshare discount is at least 85 percent. *Id.* § 3030.284(b), (c), (e).

With the exception of the Basic Carrier Route flats DDU entry workshare discount, the workshare discounts proposed by the Postal Service for USPS Marketing Mail comply with the requirements of 39 C.F.R. part 3030, subpart J. The Commission has verified the USPS Marketing Mail workshare discounts that are less than the costs avoided by the Postal Service are associated with a new workshare initiative; a minimum of 20 percent more than the existing workshare discount; or have a passthrough of at least 85 percent consistent with the exceptions of 39 C.F.R. § 3030.284(b), (c), and (e). The Commission has also confirmed that with the exception of the Basic Carrier Route flats DDU entry workshare discount, the sole other workshare discount exceeding the cost avoided by the Postal Service is a minimum of 20 percent less than the existing workshare discount consistent with the exception in 39 C.F.R. § 3030.283(c).

The workshare discount for Basic Carrier Route flats entered at the DDU has a passthrough of 134.3 percent and does not qualify for any of the exceptions of 39 C.F.R. § 3030.283. Due to the way the six Carrier Route flats dropship discounts are calculated, it is not possible for the Postal Service to set all six discounts consistent with

the Commission's regulations without introducing irrational prices, such as higher prices for dropshipping to the DDU (which is closer to the delivery point) than to the DSCF (which is farther from the delivery point). The Excel file "Carrier Route Flats Dropship R2021-2.xlsx" provided as part of Library Reference USPS-LR-R2021-2/2 demonstrates that it is mathematically impossible for all six discounts to simultaneously comply with 39 C.F.R. part 3030, subpart J and produce rational prices.¹⁰⁷ Given the demonstration of mathematical impossibility in this case, the Commission grants a one-time exemption from the rules of 39 C.F.R. part 3030, subpart J for the Basic Carrier Route flats entered at the DDU workshare discount. In a separate docket, the Postal Service has filed a petition for a rulemaking to change the methodology for calculating and reporting these workshare discounts and their associated passthroughs that the Postal Service asserts will remedy the issue.¹⁰⁸ That petition is currently under review by the Commission, and the Commission expects the issues with the calculation of the six Carrier Route flats dropship discounts to be resolved within the scope of that docket prior to any future rate case.

E. Mail Classification Changes

1. Introduction

The classification changes for USPS Marketing Mail pertaining to the proposed CY 2022 promotions are addressed in Section IV.A., *supra*. In addition to the promotions-related changes, the Postal Service proposes a new 1-cent discount for High Density Flats on 5-Digit pallets in this proceeding.

¹⁰⁷ See Library Reference USPS-LR-R2021-2/2, May 28, 2021, Excel file "Carrier Route Flats Dropship R2021-2.xlsx."

¹⁰⁸ Docket No. RM2021-6, Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Three), April 8, 2021.

2. The Postal Service's Position

With respect to the new 1-cent discount for High Density Flats on 5-Digit pallets, the Postal Service explains that “it is establishing this discount because pallets prepared this way allow the Postal Service to avoid moving these pallets to bundle sorters within the plant, sorting the bundles, and moving them back to the dock to be transported to the [DDU].” Notice at 13. The Postal Service explains that “[w]hen mail is prepared on 5-Digit pallets, all of these operations are avoided and mail can be loaded directly to the delivery unit.” June 11 Response to CHIR No. 2, question 3.a. The Postal Service provides workpapers that it asserts demonstrate the higher efficiency of High Density Flats on 5-Digit pallets. *Id.*, Excel file “CHIR2Q3c_d.” The Postal Service states that the Commission “favorably reviewed an analogous discount for Carrier Route pieces on 5-Digit (direct) pallets in 2015.” Notice at 13.

The Postal Service states that the “new discount will not adversely affect either the rates or the service levels of users of postal services who do not take advantage of the workshare discount” because “[t]he discount is generally available, and for those mailers that do not take advantage of it, the rate for High Density Flats not on 5-Digit [p]allets (direct) still exists.” *Id.* at 13-14. The Postal Service asserts that it “is not aware of any reason that this discount would affect the processing of other flat shaped mailpieces, including the timeliness of processing, delivery, and transportation” and that it is “not aware of any reason that mail prepared pursuant to the requirements of the new discount would achieve better service performance.” June 11 Response to CHIR No. 2, question 3.e., f.

3. Comments

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

4. Commission Analysis

The Commission accepts the proposed changes to the MCS with respect to the new 1-cent discount for High Density Flats on 5-Digit pallets. The Commission finds that this new discount will encourage efficiency by providing lower prices for High Density Flats on 5-Digit pallets, which require less processing than other High Density Flats, as demonstrated in the June 11 Response to CHIR No. 2, Excel file “CHIR2Q3c_d.”¹⁰⁹

F. 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). The Postal Service states that it has complied with this requirement in this proceeding. Notice at 34-35. The Public Representative agrees the Postal Service has complied with this requirement. PR Comments at 19. 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 60.08 percent.¹¹⁰ 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).

¹⁰⁹ In the Response to Question 1 of CHIR No. 7, the Postal Service states that, within the cost model used to calculate avoided costs for High Density Flats on 5-Digit pallets (see June 11 Response to CHIR No. 2, Excel file “CHIR2Q3c_d.xlsx”), allied costs associated with transporting containers from the dock to the bundle sorting operation and transporting mail back to the dock are assumed to be the same proportion to direct costs as all other allied costs. Response to Question 1 of CHIR No. 7. Although this is technically consistent with the Commission’s accepted methodology, it is probable that the actual allied costs for High Density Flats on 5-Digit pallets differ significantly from the allied costs of all other products. The Commission encourages the Postal Service to continue improving its avoided cost models, so they more accurately represent the cost avoided by the Postal Service for each workshare discount.

¹¹⁰ Library Reference PRC-LR-R2021-2-2, Excel file “PRC-CAPCALC-MM-R2021-2.xlsx.”

G. Nonprofit Discounts

The Postal Service is required to either equalize or adequately justify all unequal nonprofit and commercial discounts.¹¹¹ The Postal Service states that it has complied with this requirement in this proceeding. Notice at 35. 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 by equalizing comparable nonprofit and commercial discounts.

H. Other Comments Related to USPS Marketing Mail

1. Introduction

MPA and ANM raise concerns related to USPS Marketing Mail that have not been addressed elsewhere in this Section.

2. Comments

MPA and ANM assert that “huge price increases—as much as 26 percent for nonprofit flats and 14 percent for commercial flats—will be levied on highly-efficient, High Density . . . mail entered at the Sectional Center Facility (SCF).”¹¹² MPA and ANM allege these increases “will disincentivize co-mailing, a practice that substantially reduces Postal Service costs” and thus is inconsistent with Objective 1 (maximize incentives to reduce costs and increase efficiency) and Factor 5 (degree of preparation of mail by mailer and its effect on reducing Postal Service costs). *Id.* at 8-9 (citing 39 U.S.C. § 3622(b)(1) and (c)(5)).

¹¹¹ See 39 U.S.C. § 403(c); *Nat'l Easter Seal Soc. for Crippled Children & Adults v. U.S. Postal Serv.*, 656 F.2d 754 (D.C. Cir. 1981).

¹¹² MPA/ANM Comments at 8. The Commission notes that MPA and ANM refer to “High Density Carrier Route mail” in their comments, but based on their citation, it appears “Carrier Route” was added in error. As such the Commission interprets the MPA/ANM Comments to be referencing High Density Flats.

3. Commission Analysis

With respect to MPA's and ANM's assertion that the increase on High Density mail entered at the SCF is inconsistent with Objective 1 and Factor 5, the Commission finds that planned price increases for the High Density/Saturation Flats and Parcels product as a whole are consistent with an approach that encourages mailers to use the most efficient rate cells and thus are consistent with Objective 1 and Factor 5. Specifically, within the High Density/Saturation Flats and Parcels product, High Density Plus and Saturation flats require more density in mailings than High Density flats. High Density Plus and Saturation flats also have lower prices and are receiving small price increases as a result of this proceeding than High Density flats. Thus, the Postal Service appears to be using the price increases in this proceeding to encourage higher efficiency mail within the High Density/Saturation Flats and Parcels product, which is consistent with Objective 1 and Factor 5.

VII. PERIODICALS

A. Introduction

This section discusses the price adjustment authority, non-compensatory products, workshare discounts, and statutory preferential rates applicable to Periodicals. The Postal Service does not propose any classification changes related to Periodicals in this proceeding.

B. Price Adjustment Authority

1. Introduction

The Periodicals class consists of two products: (1) In-County;¹¹³ and (2) Outside County. The planned price increase for Periodicals is, on average, 8.771 percent, which results in 0.037 percent remaining unused price adjustment authority.¹¹⁴

Table VII-1 shows the percentage price change for each Periodicals product as calculated by the Commission.

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

Periodicals Product	Price Change %
Outside County	8.845
In-County	7.326
Overall	8.771
Source: Library Reference PRC-LR-R2021-2-3, Excel file "PRC-CAPCALC-PER-R2021-2.xlsx."	

2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. The Postal Service proposes only one adjustment to the hybrid year billing determinants for Periodicals. *Id.* at 24. The Postal Service uses

¹¹³ 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 25, 2021, § 1300.2 (with revisions through March 31, 2021), available at <http://www.prc.gov/mail-classification-schedule>.

¹¹⁴ As shown in Table II-1, *supra*, the Postal Service has 8.808 percent in available pricing authority. Subtracting the 8.771 percent the Postal Service is using in this proceeding from its available pricing authority calculates to 0.037 percent remaining as unused rate adjustment authority. See Library Reference PRC-LR-R2021-2-3, Excel file "PRC-CAPCALC-PER-R2021-2.xlsx."

Postal One data to determine the volume that would have qualified for the Seamless Acceptance incentive for the part of the hybrid year before the incentive went into effect. *Id.* at 11-12, 24.

3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative asserts that the planned price adjustments comply with the requirements of the price cap. PR Comments at 5, 9.

4. Commission Analysis

The Commission finds the Postal Service's price adjustments for Periodicals comply with the price cap limitations specified by 39 C.F.R. part 3030. In the Notice, the Postal Service states that it uses 8.806 percent of its available pricing authority for Periodicals and that the total unused price adjustment authority available for Periodicals after this proceeding is 0.002 percent. Notice at 21. In response to various CHIRs, the Postal Service revised several rate cells to bring several workshare discounts into compliance with the requirements of 39 C.F.R. part 3030, subpart J as well as to adjust prices for advertising pounds for Outside County Science of Agriculture mail in Zones 1 and 2 and for Nonmachinable Automation Mixed ADC flats.¹¹⁵ These changes also resulted in the Postal Service filing revised versions of Library Reference USPS-LR-R2021-2/3 as well as revisions to Attachments A and B to the Notice.¹¹⁶ As a result of these clarifications and corrections, the Commission calculates the Postal Service's

¹¹⁵ June 14 Response to CHIR No. 1, questions 3-4; June 14 Response to CHIR No. 2, question 5; Response to Questions 1 and 2 of CHIR No. 6, questions 1-2.

¹¹⁶ USPS Notice of Filing Revised Library Reference – USPS-LR-R2021-2/3 Periodicals Workpapers, June 14, 2021, at 1; June 14 Response to CHIR No. 1, Attachment 1 and Excel file “2021-06-14-Attachment B – R2021-2.xlsx;” Postal Service Errata at 7-8 and Excel file “Attachment B R2021-2 6.21.21.xlsx;” USPS Notice of Filing Amended Library References, June 21, 2021, at 1.

planned price adjustment for Periodicals to be 8.771 percent, which is less than the total available authority of 8.808 percent and results in total unused price adjustment authority available for Periodicals as a result of this proceeding of 0.037 percent.¹¹⁷ The Commission also incorporates the Postal Service's revisions to Attachment A of the Notice into the Attachment to this Order.

The Commission notes that the Postal Service is adding unused rate adjustment authority for the Periodicals class as a result of this proceeding. Because the Retirement Obligation Rate Authority of 39 C.F.R. part 3030, subpart E cannot be used to generate unused rate authority pursuant to 39 C.F.R. § 3030.181(c)(5), 39 C.F.R. § 3030.242(b) states that "unused rate adjustment authority cannot exceed the unused portion of rate authority calculated pursuant to subparts C and D . . . [of 39 C.F.R. part 3030], and [39 C.F.R.] § 3030.222." 39 C.F.R. § 3030.242(b). Of the 0.037 percent in total unused rate adjustment authority available for Periodicals after this proceeding, 0.035 percent is the result of authority derived from this proceeding. Because 0.035 percent is less the rate authority available pursuant to subparts C and D of 39 C.F.R. part 3030 and 39 C.F.R. § 3030.222, the Periodicals class complies with 39 C.F.R. § 3030.242(b). In addition, the Commission accepts the Postal Service's adjustment to the billing determinants for Periodicals as reasonable.

¹¹⁷ The new pricing authority available to Periodicals in this proceeding is 8.806 percent. In addition to that pricing authority, Periodicals had 0.002 percent of existing unused rate adjustment authority available. Therefore, the total pricing authority available for Periodicals in this proceeding is 8.808 percent. See Library Reference PRC-LR-R2021-2-3, Excel file "PRC-CAPCALC-PER-R2021-2.xlsx."

C. Non-Compensatory Products

1. Introduction

In FY 2020, both In-County and Outside County did not cover their attributable costs. FY 2020 ACD at 20. As a result, the Periodicals class as a whole was non-compensatory in FY 2020 with a class cost coverage of 56.9 percent. *Id.*

2. The Postal Service's Position

The proposed percentage changes in prices for In-County and Outside County as a result of this proceeding are 7.326 and 8.845 percent, respectively.¹¹⁸ The Postal Service acknowledges that the Periodicals class as a whole was non-compensatory in FY 2020 and utilizes the additional 2 percentage points of rate authority available to non-compensatory classes in this proceeding. Notice at 21. The Postal Service asserts that the price changes incorporate four strategies aimed at improving cost coverage: (1) creating a single price for all zone-based advertising pound prices; (2) lowering pound prices to facilitate shifting to uniform advertising zone prices and using the resulting cap authority in more efficient areas; (3) continuing to apply lower prices to tubs as compared to sacks for Periodicals entered at the DSCF and DDU; and (4) increasing the price differential between basic Carrier Route and Machinable Automation 5-Digit flats. *Id.* at 21-22.

3. Comments

No commenters raise issues pertaining to In-County's and Outside County's status as non-compensatory products.

¹¹⁸ Library Reference PRC-LR-R2021-2-3, Excel file "PRC-CAPCALC-PER-R2021-2.xlsx."

4. Commission Analysis

As described in Section II., *supra*, non-compensatory products cannot have their rates reduced. 39 C.F.R. § 3030.127(b). Because the prices for both In-County and Outside County are increasing as a result of this proceeding, the proposed prices comply with 39 C.F.R. § 3030.127(b). The Commission notes that the pricing requirements of 39 C.F.R. § 3030.221 are inapplicable to non-compensatory products in non-compensatory classes and thus are inapplicable to both Periodicals products. The Commission recommends that the Postal Service continue to explore pricing strategies aimed at improving the cost coverage of the Periodicals class.

D. Workshare Discounts

1. Introduction

As described in Section II., *supra*, the rules in 39 C.F.R. part 3030, subpart J govern the pricing requirements for workshare discounts. The Postal Service asserts that all Periodicals workshare discounts comply with 39 C.F.R. part 3030, subpart J. Notice at 22.

2. The Postal Service's Position

The Postal Service states that no planned Periodicals workshare discounts exceed their avoided costs. *Id.* The Postal Service asserts that “[w]hile many Periodicals workshare discounts have passthrough ratios below 100 percent, the Postal Service is bringing all of them into compliance with 39 C.F.R. § 3030.284, either by ensuring that the passthrough ratio is at least 85 percent or by raising the discount by at least 20 percent.”¹¹⁹ The Postal Service also sets one workshare discount, 3-Digit

¹¹⁹ *Id.*; June 14 Response to CHIR No. 1, question 4; June 14 Response to CHIR No. 2, question 5.

Automation Letters, such that the resulting passthrough is 100 percent. June 14
Response to CHIR No. 1, question 3.

3. Comments

The Public Representative states that the proposed workshare discounts comply with 39 C.F.R. part 3030, subpart J and reflect an improvement in bringing workshare discounts closer to avoided costs. PR Comments at 16. To the extent a commenter raised concerns about the sufficiency of 39 C.F.R. part 3030, subpart J and referenced Periodicals workshare discounts in a related discussion, those comments are discussed in Section IV.B.7., *supra*.

4. Commission Analysis

In accordance with 39 C.F.R. § 3030.282, if a workshare discount is currently equal to the cost avoided by the Postal Service, the size of the discount cannot be changed; if a workshare discount currently exceeds the cost avoided by the Postal Service, then the size of the discount cannot be increased; and if a workshare discount currently is less than the cost avoided by the Postal Service, then the size of the discount cannot be decreased. 39 C.F.R. § 3030.282. The Commission has verified that all Periodicals workshare discounts proposed in this proceeding comply with 39 C.F.R. § 3030.282.

The regulations also provide specific limitations on how workshare discounts that do not equal avoided costs can be set. The Postal Service asserts that no planned Periodicals workshare discounts exceed their avoided costs, one discount has a passthrough of 100 percent, and all other Periodicals workshare discounts have been increased by at least 20 percent or are set to result in passthroughs of at least 85

percent.¹²⁰ In accordance with 39 C.F.R. § 3030.284, “[n]o proposal to adjust a rate may set a workshare discount that would be below the cost avoided by the Postal Service for not providing the applicable service” unless one of several exceptions applies. 39 C.F.R. § 3030.284(a). One of the exceptions permits workshare discounts where “[t]he percentage passthrough for the proposed workshare discount is at least 85 percent.” *Id.* § 3030.284(e). Another permits a workshare discount set below avoided costs where “[t]he proposed workshare discount is a minimum of 20 percent more than the existing workshare discount.” *Id.* § 3030.284(c). The Commission has confirmed that all Periodicals workshare discounts set below avoided costs are permitted under one of the exceptions in 39 C.F.R. § 3030.284.

Separate from compliance with 39 C.F.R. part 3030, subpart J, the Commission raises potential issues with the Outside County Periodicals Unit Mail Processing Costs model that was expanded to include separate bottom-up costs for trays and submitted with the June 10 Response to CHIR No. 1, question 5. June 10 Response to CHIR No. 1, Excel file “ChIR1Q5.xlsx.”

In its initial filing in this proceeding, the Postal Service stated that “[d]ue to the unavailability of Tray Costs, Sack Costs are used as proxies for Tray Costs.”¹²¹ This is consistent with how the Postal Service treated tray costs in Docket No. R2021-1 when the Postal Service proposed separate sack and tray prices for the first time. Order No. 5757 at 32. In that docket, the Postal Service was asked whether it planned to develop separate bottom-up costs for trays rather than continuing to use the sack costs as proxies, and the Postal Service stated that it intended to do so in FY 2021.¹²²

¹²⁰ Notice at 22; June 14 Response to CHIR No. 1, question 4; June 14 Response to CHIR No. 2, question 5.

¹²¹ Notice, Excel file “Attachment B R2021-2.xlsx,” table “Per. Bundle-Container Pricing,” cell B91.

¹²² Docket No. R2021-1, Response of the United States Postal Service to Chairman’s Information Request No. 2, October 26, 2020, question 9.b.ii.

CHIR No. 1, question 5 asked for an update on the status of the development of separate bottom-up costs for trays. CHIR No. 1, question 5. In its response, the Postal Service submitted a revised Outside County Periodicals Unit Mail Processing Costs model that included separate bottom-up costs for trays. June 10 Response to CHIR No. 1, Excel file "ChIR1Q5.xlsx." CHIR No. 5, question 2 requested that the Postal Service provide additional information concerning if and when it intended to file a petition for rulemaking requesting approval of the changes in a separate proceeding. CHIR No. 5, question 2. In its response, the Postal Service indicated it did not intend to file such a petition, explaining that it viewed the changes as "merely the extension of the established methodology for calculating the unit costs of containers to now generate the unit costs for [trays]." Response to CHIR No. 5, question 2.

The Commission notes that the proposed changes to the Outside County Periodicals Unit Mail Processing Costs model in the June 10 Response to CHIR No. 1 raise several questions that would need to be vetted in a separate proceeding. For example, although trays in theory should cost less to process than sacks because of their uniform size, the proposed model shows that trays on average cost more than sacks.¹²³ In addition, some of the data do not line up precisely with the current methodology. See Response to CHIR No. 5, question 2. For example, in the June 10 Response to CHIR No. 1, Excel file "ChIR1Q5.xlsx," tab "TUB COSTS," the conversion source is listed as "2008 Field Study," whereas in tab "SACK COSTS," the conversion source is listed as "Docket No. R97-1, LR-H-111, Appendix F." In addition, in the June 10 Response to CHIR No. 1, Excel file "ChIR1Q5.xlsx," tab "Model Volumes," there is not a source for the disaggregated sack and tray volumes. These issues only serve as examples of areas that need more complete vetting and are not necessarily the totality of issues with the proposed changes.

¹²³ See June 10 Response to CHIR No. 1, Excel file "ChIR1Q5.xlsx," tab "CONTAINER COSTS CRA" (showing average unit tray costs are \$3.71 and average unit sack costs are \$2.54).

Due to the limited nature of a rate adjustment proceeding, during which the Commission generally completes its review in a relatively short amount of time, the Commission cannot fully review changes like these within a rate adjustment docket. See 39 C.F.R. § 3030.124(f); § 3030.126(b). Should the Postal Service believe such changes improve the quality, accuracy, or completeness of the Outside County Periodicals Unit Mail Processing Costs model, the Postal Service should file a petition for rulemaking in accordance with 39 C.F.R. § 3050.11(a). Until the Postal Service files and the Commission approves such a petition for rulemaking, the Commission will continue to use sack costs as a proxy for tray costs.

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 proceeding. 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.*

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 DDU, DSCF, and destination area distribution center (DADC) that are 75 percent of the advertising pound prices applicable to regular Outside County Periodicals. *Id.* In addition, the Postal Service revised its planned prices such that the advertising pound price for Outside County Science of Agriculture Periodicals in Zones 1 and 2 has been set to 75 percent of the rate applicable to regular Outside County Periodicals. Response to Questions 1 and 2 of CHIR No. 6, question 1.b.

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 In-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. Notice at 35.

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 19.

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 In-County is approximately 38.16 percent of the average per-piece revenue for Outside County 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*. Applicable 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)(C).

VIII. PACKAGE SERVICES

A. Introduction

This section discusses the price adjustment authority, non-compensatory products, workshare discounts, and statutory preferential rates applicable to Package Services. The Postal Service does not propose any classification changes related to Package Services in this proceeding.

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,

8.804 percent, which results in 0.008 percent remaining unused price adjustment authority.¹²⁴ Table VIII-1 shows the percentage price change for each Package Services product as calculated by the Commission.

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

Package Services Product	Price Change %
Alaska Bypass Service	6.989
BPM Flats	7.453
BPM Parcels	6.666
Media Mail/Library Mail	10.865
Overall	8.804
Source: Library Reference PRC-LR-R2021-2-4, Excel file "PRC-CAPCALC-PACKSERV-R2021-2.xlsx."	

2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. The Postal Service proposes only one adjustment to the hybrid year billing determinants for Package Services. *Id.* at 26. The Postal Service uses Postal One data to determine the volume that would have qualified for the Seamless Acceptance incentive for the part of the hybrid year before the incentive went into effect. *Id.* at 11-12, 26.

¹²⁴ As shown in Table II-1, *supra*, the Postal Service has 8.812 percent in available pricing authority. Subtracting the 8.804 percent the Postal Service is using in this proceeding from its available pricing authority calculates to 0.008 percent remaining as unused rate adjustment authority. See Library Reference PRC-LR-R2021-2-4, Excel file "PRC-CAPCALC-PACKSERV-R2021-2.xlsx."

3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative asserts that the planned price adjustments comply with the requirements of the price cap. PR Comments at 5, 9.

4. Commission Analysis

The Commission finds the Postal Service's price adjustments for Package Services comply with the price cap limitations specified by 39 C.F.R. part 3030. The Postal Service's planned price adjustment of 8.804 percent is less than the total available authority of 8.812 percent; therefore, the total unused rate adjustment authority available for Package Services as a result of this proceeding is 0.008 percent.¹²⁵

The Commission also notes that the Postal Service is adding unused rate adjustment authority for the Package Services class as a result of this proceeding. Because the Retirement Obligation Rate Authority of 39 C.F.R. part 3030, subpart E cannot be used to generate unused rate authority pursuant to 39 C.F.R. § 3030.181(c)(5), 39 C.F.R. § 3030.242(b) states that "unused rate adjustment authority cannot exceed the unused portion of rate authority calculated pursuant to subparts C and D . . . [of 39 C.F.R. part 3030], and [39 C.F.R.] § 3030.222." 39 C.F.R. § 3030.242(b). Of the 0.008 percent in total unused rate adjustment authority available for Package Services after this proceeding, only 0.002 percent is the result of authority derived from this proceeding. Because 0.002 percent is less the rate authority available pursuant to subparts C and D of 39 C.F.R. part 3030 and 39 C.F.R. § 3030.222, the

¹²⁵ See June 10 Response to CHIR No. 1, question 6. The new pricing authority available to Package Services in this proceeding is 8.806 percent. In addition to that pricing authority, Package Services had 0.006 percent of existing unused rate adjustment authority available. Therefore, the total pricing authority available for Package Services in this proceeding is 8.812 percent. See Library Reference PRC-LR-R2021-2-4, Excel file "PRC-CAPCALC-PACKSERV-R2021-2.xlsx."

Package Services class complies with 39 C.F.R. § 3030.242(b). The Commission also accepts the Postal Service's adjustment to the billing determinants for Package Services as reasonable.

C. Non-Compensatory Products

1. Introduction

In FY 2020, two Package Services products, Media Mail/Library Mail and BPM Parcels, did not cover their attributable costs. FY 2020 ACD at 51. As a result, the Package Services class as a whole was non-compensatory in FY 2020 with a class cost coverage of 92.5 percent. *Id.* In the FY 2020 ACD, the Commission recommended that the Postal Service apply an above-average price increase to Media Mail/Library Mail and BPM Parcels in the next rate case. *Id.* at 53, 54.

2. The Postal Service's Position

The proposed percentage changes in prices for Media Mail/Library Mail and BPM Parcels as a result of this proceeding are 10.865 and 6.666 percent, respectively. Notice at 24. The Postal Service acknowledges that the Package Services class as a whole was non-compensatory in FY 2020 and utilizes the additional 2 percentage points of rate authority available to non-compensatory classes in this proceeding. *Id.* The Postal Service states that it is "applying Package Services' largest price increase to Media Mail/Library Mail, because that product has the lowest cost coverage in the class." *Id.* The Postal Service asserts that the increase for Media Mail/Library Mail is higher than the class average. *Id.* at 25. The Postal Service claims that the below class average proposed increase for BPM Parcels strikes a balance between "the need to address the product's cost coverage" and "the need to ensure that a non-compensatory class's price cap space is not wasted on a product that may not remain on the market-dominant [product] list" due to the Postal Service's pending request to transfer BPM

Parcels to the Competitive product list.¹²⁶ The Postal Service asserts that the proposed BPM Parcels price increase results in a projected cost coverage of 100.6 percent. Notice at 25.

3. Comments

The Public Representative states that the proposed price increases for Media Mail/Library Mail and BPM Parcels comply with the FY 2020 ACD and 39 C.F.R. § 3030.221. PR Comments at 26. No other commenters raise issues pertaining to Media Mail/Library Mail's and BPM Parcels' status as non-compensatory products.

4. Commission Analysis

As described in Section II., *supra*, non-compensatory products cannot have their rates reduced. 39 C.F.R. § 3030.127(b). Because the prices for both Media Mail/Library Mail and BPM Parcels are increasing as a result of this proceeding, the proposed prices comply with 39 C.F.R. § 3030.127(b). The Commission notes that the pricing requirements of 39 C.F.R. § 3030.221 are inapplicable to non-compensatory products in non-compensatory classes and thus are inapplicable to both Media Mail/Library Mail and BPM Parcels. As a result, the Postal Service is not required to give Media Mail/Library Mail and BPM Parcels above average price increases in this proceeding. Although this not a requirement, the Commission expresses concern that the Postal Service has elected not to give BPM Parcels an above average price increase given the amount of rate authority available to Package Services. If BPM Parcels are not transferred to the Competitive product list, the Commission expects to

¹²⁶ *Id.* The requested transfer referenced by the Postal Service is currently pending before the Commission in Docket No. MC2021-78. See Docket No. MC2021-78, United States Postal Service Request to Transfer Bound Printed Matter Parcels to the Competitive Product List, March 26, 2021.

look closely at the cost coverage of BPM Parcels in the next ACD and consider whether further regulatory action is needed at that time.

D. Workshare Discounts

1. Introduction

As described in Section II., *supra*, the rules in 39 C.F.R. part 3030, subpart J govern the pricing requirements for workshare discounts. The Postal Service asserts that all Package Services workshare discounts comply with 39 C.F.R. part 3030, subpart J. See Notice at 25.

2. The Postal Service's Position

The Postal Service states that one Package Services passthrough, BPM Parcels, Carrier Route dropshipped at the DSCF, is equal to 100 percent. *Id.* at 25. It asserts that “[a]ll other Package Services passthroughs are set between 85 and 100 percent, complying with the condition in 39 C.F.R. § 3030.284(e).” *Id.*

3. Comments

The Public Representative states that the proposed workshare discounts comply with 39 C.F.R. part 3030, subpart J and reflect an improvement in bringing workshare discounts closer to avoided costs. PR Comments at 16.

4. Commission Analysis

In accordance with 39 C.F.R. § 3030.282, if a workshare discount is currently equal to the cost avoided by the Postal Service, the size of the discount cannot be changed; if a workshare discount currently exceeds the cost avoided by the Postal Service, then the size of the discount cannot be increased; and if a workshare discount currently is less than the cost avoided by the Postal Service, then the size of the

discount cannot be decreased. 39 C.F.R. § 3030.282. The Commission has verified that all Package Services workshare discounts proposed in this proceeding comply with 39 C.F.R. § 3030.282.

The regulations also provide specific limitations on how workshare discounts that do not equal avoided costs can be set. The Postal Service asserts that with the exception of the BPM Parcels, Carrier Route dropshipped at the DSCF workshare discount, which is set equal to avoided costs, all other Package Services workshare discounts are set to result in passthroughs of at least 85 percent. Notice at 25. In accordance with 39 C.F.R. 3030.284, “[n]o proposal to adjust a rate may set a workshare discount that would be below the cost avoided by the Postal Service for not providing the applicable service” unless one of several exceptions applies. 39 C.F.R. § 3030.284(a). One of the exceptions permits workshare discounts where “[t]he percentage passthrough for the proposed workshare discount is at least 85 percent.” *Id.* § 3030.284(e). The Commission has confirmed that all Package Services workshare discounts set below avoided costs result in a passthrough of at least 85 percent, thus complying with 39 C.F.R. § 3030.284.

E. 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. The Public Representative agrees that the Postal Service has complied with this requirement. PR Comments at 19. 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.

IX. SPECIAL SERVICES

A. Introduction

This section discusses the price adjustment authority, non-compensatory products, and classification changes applicable to Special Services.

B. Price Adjustment Authority

1. Introduction

Special Services consists of nine products: (1) Ancillary Services; (2) International Ancillary Services; (3) Address Management Services; (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, 6.808 percent, which results in 0.005 percent remaining unused price adjustment authority.¹²⁷ Table IX-1 shows the percentage price change for each Special Services product as calculated by the Commission.

¹²⁷ As shown in Table II-1, *supra*, the Postal Service has 6.813 percent in available pricing authority. Subtracting the 6.808 percent the Postal Service is using in this proceeding from its available pricing authority calculates to 0.005 percent remaining as unused rate adjustment authority. See Library Reference PRC-LR-R2021-2-5, Excel file "R2021-2 Special Services CapCalc.xlsx."

Table IX-1
Special Services Price Changes (By Product)

Special Services Product	Percent Change %
Ancillary Services ¹²⁸	5.801
International Ancillary Services	5.449
Address Management Services	7.383
Caller Service and Reserve Numbers	6.766
Credit Card Authentication	4.762
International Business Reply Mail Service	10.096
Money Orders	11.514
Post Office Box Service	9.269
Stamp Fulfillment Services	7.784
Overall	6.808
Source: Library Reference PRC-LR-R2021-2-5, Excel file "R2021-2 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 4-5. The Postal Service does not make any adjustments to the hybrid year billing determinants for Special Services. *Id.* at 29.

3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative asserts that the planned price adjustments comply with the requirements of the price cap. PR Comments at 5, 11.

¹²⁸ See Library Reference PRC-LR-R2021-2-5 for entire list of Ancillary Services and their respective price changes.

4. Commission Analysis

The Commission finds the Postal Service's price adjustments for Special Services comply with the price cap limitations specified by 39 C.F.R. part 3030. The Postal Service's planned price adjustment of 6.808 percent is less than the total available authority of 6.813 percent; therefore, the total unused price adjustment authority available for Special Services as a result of this proceeding is 0.005 percent.¹²⁹

C. Non-Compensatory Products

1. Introduction

In FY 2020, two Special Services products did not cover their attributable costs. FY 2020 ACD at 54, 64. These products were Money Orders and International Ancillary Services. *Id.* For Money Orders, the Commission recommended in the FY 2020 ACD that the Postal Service propose an above-average price increase for this product moving forward. *Id.* at 55. For International Ancillary Services, the Commission noted that the product's failure to cover its costs was due to two components of the product, Inbound International Registered Mail and Outbound International Return Receipt, which were both non-compensatory. *Id.* at 65. The Commission acknowledged that Inbound International Registered Mail was only part of the Market Dominant International Ancillary Services product in FY 2020, Quarter 1, after which it was transferred to the Competitive product list. *Id.* The Commission concluded that it "will continue to evaluate the cost coverage of this product in future years, and makes no recommendations on Outbound International Return Receipt at this time." *Id.* at 65-66.

¹²⁹ The new pricing authority available to Special Services in this proceeding is 6.806 percent. In addition to that pricing authority, Special Services had 0.007 percent of existing unused rate adjustment authority available. Therefore, the total pricing authority available for Special Services in this proceeding is 6.813 percent. See Library Reference PRC-LR-R2021-2-5, Excel file "R2021-2 Special Services CapCalc.xlsx."

2. The Postal Service's Position

The proposed percentage changes in prices for Money Orders and International Ancillary Services as a result of this proceeding are 11.514 and 5.449 percent, respectively. Notice at 26. The Postal Service states that it “is increasing the rates for Money Orders and International Return Receipt to improve cost coverage” “[i]n response to recommendations made by the Commission in the FY 2020 Annual Compliance Determination.” *Id.* at 27. The Postal Service asserts that “[p]rice increases of 11.5 percent for Money Orders and 11.8 percent for International Return Receipt should address the cost coverage concerns identified in the Annual Compliance Determination.” *Id.*

3. Comments

The Public Representative states that the proposed price increase for Money Orders complies with the FY 2020 ACD and 39 C.F.R. § 3030.221. PR Comments at 23. With respect to International Ancillary Services, the Public Representative states that “[i]n light of the Commission’s action in the FY 2020 ACD, it would appear that the proposed increase in International Return Receipt is acceptable.” *Id.* at 24. However, he further states that “it remains unclear whether the proposed increase will result in an increase in the cost coverage of the International Ancillary Services product.” *Id.* No other commenters raise issues pertaining to Money Orders’ and International Ancillary Services’ status as non-compensatory products.

4. Commission Analysis

As described in Section II., *supra*, there are two regulatory requirements specific to non-compensatory products in compensatory classes: (1) rates may not be reduced for non-compensatory products; and (2) rates for each non-compensatory product must increase by a minimum of 2 percentage points above the average percentage increase for its compensatory class. 39 C.F.R. § 3030.127(b); *Id.* § 3030.221. The prices for

Money Orders are increasing by 11.514 percent, which is more than 2 percentage points above the class average increase of 6.808 percent, thus complying with both 39 C.F.R. § 3030.127(b) and 39 C.F.R. § 3030.221.

Prices for International Ancillary Services are increasing by 5.449 percent, which is below the class average increase of 6.808 percent. However, International Ancillary Services also presents an exceptional circumstance where the situation that caused International Ancillary Services to be non-compensatory in FY 2020 has changed substantially. 39 C.F.R. § 3030.220 provides that whether a product is non-compensatory is determined by the Commission. As the Commission previously stated, the Commission expects it will generally use the findings of the most recent ACD to make this determination. See Section V.C.1., *supra*. However, it also acknowledges that there may be rare circumstances where the most recent ACD finding, which is a backward-looking review of the prior fiscal year, does not provide an accurate assessment of whether a product is currently non-compensatory due to a substantial change in circumstances compared to those that were in play during the prior fiscal year.

International Ancillary Services presents such a situation. In the FY 2020 ACD, the Commission found International Ancillary Services was non-compensatory because two components of the product, Inbound International Registered Mail and Outbound International Return Receipt, were both non-compensatory. FY 2020 ACD at 65. However, during FY 2020, the composition of International Ancillary Services changed substantially as Inbound International Registered Mail was transferred to the Competitive product list during FY 2020 and therefore is no longer a part of the International Ancillary Services product. *Id.* CHIR No. 3, question 4 requested that the Postal Service provide additional information concerning the compensatory status of International Ancillary Services, in light of the fact that Inbound International Registered Mail had transferred to the Competitive product list. CHIR No. 3, question 4.a. In

Response to CHIR No. 3, question 4, the Postal Service provided workpapers under seal. Library Reference USPS-LR-R2021-2-NP2, filed June 16, 2021. The Commission finds the analysis provided by the Postal Service in Library Reference USPS-LR-R2021-2-NP2 better reflects International Ancillary Services' compensatory status given the change in the composition of the product during FY 2020. As a result, the Commission finds that International Ancillary Services should be considered compensatory for purposes of this proceeding. 39 C.F.R. § 3030.220. In future rate adjustment proceedings, should the Postal Service believe that the most recent ACD does not accurately reflect a product's non-compensatory status, the Postal Service should provide its basis for such an assertion and supporting analysis with its initial notice of rate adjustment.

D. Mail Classification Changes

1. Introduction

The Postal Service proposes a mail classification change that adjusts the proration schedule for licensing fees for certain Address Management Services. Notice at 28.

2. The Postal Service's Position

The Postal Service states that Delivery Point Validation (DPV), Delivery Sequence File (DSF²), Locatable Address Conversion System (LACS^{Link}), and National Change of Address (NCOA^{Link}) "are licensed products that allow for proration of new license fees based on the month the Postal Service certifies the system." *Id.* This allows mailers to certify at any point in the year during their first year, and align with an annual renewal cycle that begins on October 1 of each calendar year for future years. See *id.* The Postal Service states that:

Under the existing proration schedule, a new license that is certified in October pays 11/12ths of the current annual price for the current license year[, and that] [t]his decreases to 10/12ths if certified in November, 9/12ths if certified in December, and ultimately decreases to 1/12th if certified in August for the current license year.

Id. n.42. Under the existing proration schedule, if a license is certified in September, the customer is charged the full annual rate. *Id.*

In this proceeding, the Postal Service proposes to shift from the monthly proration schedule to a quarterly one, aligning with the Postal Service's fiscal quarters. Notice at 28. Thus, under the new proration schedule,

A new license certified in October, November, or December would pay the full annual rate for the current license year; if certified in January, February, or March, the new license would pay 75 percent of the annual rate for the current license year; if certified in April, May, or June, the license would pay 50 percent of the annual rate for the current license year; [and] if certified in July, August, or September of the current license year, the license would pay 25 percent of the annual rate.

Id. n.43. The Postal Service states the change in the proration schedule will only impact new licensees. *Id.* at 28.

The Postal Service states that it is making this change “to reduce errors and improve the operational efficiency of the onboarding process for new licensees by simplifying accounting procedures.” Response to Question 3 of CHIR No. 6. The Postal Service explains that “[t]he complexity of the existing monthly proration schedule has at times complicated the billing process when payment is not received in the same period the license is initiated.” *Id.* The Postal Service asserts that by reducing the number of proration periods, “this change will minimize the possibility of similar occurrences in the future.” *Id.*

3. Comments

No commenter addresses these planned mail classification changes for Address Management Services.

4. Commission Analysis

The Commission accepts the proposed changes to the MCS with respect to the new proration structure for DPV, DSF², LACS^{Link}, and NCOA^{Link}. The Commission agrees that the new proration structure simplifies the proration schedule, which should ease some of the billing complications identified by the Postal Service in the Response to Question 3 of CHIR No. 6.

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 May 28, 2021, 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 May 28, 2021, 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 May 28, 2021, 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 May 28, 2021, 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 May 28, 2021, 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. The promotions-related revisions in sections 1110.4, 1110.5, 1115.4, 1115.5, 1205.5, 1205.6, 1210.5, 1210.6, 1215.5, 1215.6, 1220.5, 1220.6, 1225.5, and 1225.6 are effective January 1, 2022. All other revisions are effective August 29, 2021.
7. The Postal Service is directed to file a proposed methodology for deaveraging the prior Metered Letters benchmark for machinability as it pertains to the new First-Class Mail Nonautomation Machinable Letters Mixed AADC and Nonmachinable Letters Mixed ADC workshare discounts, as described in the body of this Order, within 90 days of the date of this Order.

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**

1100 First-Class Mail

1105 Single-Piece Letters/Postcards

1105.5 Prices

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

Maximum Weight (ounces)	Machinable Letters (\$)
1	<u>0.58</u>
2	<u>0.78</u>
3	<u>0.98</u>
3.5	<u>1.18</u>

Single-Piece Machinable Metered Letters

Maximum Weight (ounces)	Machinable Letters (\$)
1	<u>0.53</u>
2	<u>0.73</u>
3	<u>0.93</u>
3.5	<u>1.13</u>

*First-Class Mail
Single-Piece Letters/Postcards**Single-Piece Nonmachinable Stamped Letters¹*

Maximum Weight (ounces)	Nonmachinable Letters (\$)
1	<u>0.88</u>
2	<u>1.08</u>
3	<u>1.28</u>
3.5	<u>1.48</u>

Single-Piece Nonmachinable Metered Letters

Maximum Weight (ounces)	Nonmachinable Letters (\$)
1	<u>0.83</u>
2	<u>1.03</u>
3	<u>1.23</u>
3.5	<u>1.43</u>

Single-Piece QBRM Letters

Maximum Weight (ounces)	QBRM Letters (\$)
1	<u>0.561</u>
2	<u>0.761</u>

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

Maximum Weight (ounces)	Residual Machinable Letters (\$)
1	<u>0.58</u> ¹
2	<u>0.58</u> ¹
3	<u>0.58</u> ¹
3.5	<u>0.58</u> ¹

Single-Piece Postcards^{1, 2}

Maximum Weight (ounces)	Postcards (\$)	Single-Piece Double Card (\$)
not applicable	<u>0.40</u>	<u>0.80</u>

Single-Piece QBRM Postcards

Maximum Weight (ounces)	QBRM Postcards (\$)
not applicable	<u>0.381</u>

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

Share Mail Letters and Postcards^{1, 2}

Maximum Weight (ounces)	Share Mail Letters (\$)	Share Mail Postcards (\$)
1	<u>0.58</u>	<u>0.40</u>

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

1110.3 Price Categories

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

- Nonautomation Presorted Machinable Letters
 - AADC
 - Mixed AADC
- Nonmachinable Letters – Either have an aspect ratio that does not fall between 1 to 1.3 and 1 to 2.5 inclusive or do not meet other machinability requirements
 - 5-Digit
 - 3-Digit
 - Mixed ADC

1110.4 Optional Features

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

- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 2022 to July 31, 2022)
 - Emerging and Advanced Technology Promotion (March 1, 2022~~2024~~ to August 31, 2022~~2024~~)
 - Earned Value Reply Mail Promotion (April 1, 2022~~2024~~ to June 30, 2022~~2024~~)
 - Personalized Color Transpromo Promotion (July 1, 2022~~2024~~ to December 31, 2022~~2024~~)
 - Informed Delivery Promotion (~~August~~September 1, 2022~~2024~~ to December 31~~November 30~~, 2022~~2024~~)
-

*First-Class Mail
Presorted Letters/Postcards*

1110.5 Prices

Automation Letters

Maximum Weight (ounces)	5-Digit (\$)	AADC (\$)	Mixed AADC (\$)
1	<u>0.426</u>	<u>0.461</u>	<u>0.485</u>
2	<u>0.426</u>	<u>0.461</u>	<u>0.485</u>
3	<u>0.426</u>	<u>0.461</u>	<u>0.485</u>
3.5	<u>0.426</u>	<u>0.461</u>	<u>0.485</u>

Nonautomation Presorted Machinable Letters

Maximum Weight (ounces)	<u>AADC</u> (\$)	<u>Mixed AADC</u> (\$)
1	<u>0.461</u>	<u>0.494</u>
2	<u>0.461</u>	<u>0.494</u>
3	<u>0.461</u>	<u>0.494</u>
3.5	<u>0.461</u>	<u>0.494</u>

Nonmachinable Letters

Maximum Weight (ounces)	<u>5-Digit</u> (\$)	<u>3-Digit</u> (\$)	<u>Mixed ADC</u> (\$)
1	<u>0.586</u>	<u>0.684</u>	<u>0.794</u>
2	<u>0.586</u>	<u>0.684</u>	<u>0.794</u>
3	<u>0.586</u>	<u>0.684</u>	<u>0.794</u>
3.5	<u>0.586</u>	<u>0.684</u>	<u>0.794</u>

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

Maximum Weight (ounces)	5-Digit (\$)	AADC (\$)	Mixed AADC (\$)
not applicable	<u>0.306</u>	<u>0.318</u>	<u>0.326</u>

Nonautomation Presorted Machinable Postcards

Maximum Weight (ounces)	Presorted (\$)
not applicable	<u>0.335</u>

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 2022 to July 31, 2022)

Provide a four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and 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.

Emerging and Advanced Technology Promotion (March 1, ~~2022~~2024 to August 31, ~~2022~~2024)

Provide a two or three percent discount on the qualifying postage for First-Class Mail 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. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a two percent discount, while technology featuring high barriers to entry will receive a three percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program.

*First-Class Mail
Presorted Letters/Postcards*

Earned Value Reply Mail Promotion (April 1, ~~2022~~2024 to June 30, ~~2022~~2024)

Personalized Color Transpromo Promotion (July 1, ~~2022~~2024 to December 31, ~~2022~~2024)

Provide a three 2 percent discount on qualifying postage for First-Class Mail presort and automation letters sent 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 will~~ be required to be personalized to the recipient, unless it meets the exceptions in the program requirements for sales-related content. 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.

Informed Delivery Promotion (August 1, ~~2022~~2024 to December 31, ~~2022~~2024)

Provide a four 2 percent discount on the qualifying postage for First-Class Mail 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.

1115

Flats

1115.4

Optional Features

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

- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 2022 to July 31, 2022)
 - Emerging and Advanced Technology Promotion (March 1, 2022~~2024~~ to August 31, 2022~~2024~~)
 - Earned Value Reply Mail Promotion (April 1, 2022~~2024~~ to June 30, 2022~~2024~~)
 - Informed Delivery Promotion (August~~September~~ 1, 2022~~2024~~ to December 31~~November 30~~, 2022~~2024~~)
-

*First-Class Mail
Flats*

1115.5 Prices

Automation Flats

Maximum Weight (ounces)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
1	<u>0.555</u>	<u>0.730</u>	<u>0.783</u>	<u>0.891</u>
2	<u>0.755</u>	<u>0.930</u>	<u>0.983</u>	<u>1.091</u>
3	<u>0.955</u>	<u>1.130</u>	<u>1.183</u>	<u>1.291</u>
4	<u>1.155</u>	<u>1.330</u>	<u>1.383</u>	<u>1.491</u>
5	<u>1.355</u>	<u>1.530</u>	<u>1.583</u>	<u>1.691</u>
6	<u>1.555</u>	<u>1.730</u>	<u>1.783</u>	<u>1.891</u>
7	<u>1.755</u>	<u>1.930</u>	<u>1.983</u>	<u>2.091</u>
8	<u>1.955</u>	<u>2.130</u>	<u>2.183</u>	<u>2.291</u>
9	<u>2.155</u>	<u>2.330</u>	<u>2.383</u>	<u>2.491</u>
10	<u>2.355</u>	<u>2.530</u>	<u>2.583</u>	<u>2.691</u>
11	<u>2.555</u>	<u>2.730</u>	<u>2.783</u>	<u>2.891</u>
12	<u>2.755</u>	<u>2.930</u>	<u>2.983</u>	<u>3.091</u>
13	<u>2.955</u>	<u>3.130</u>	<u>3.183</u>	<u>3.291</u>

*First-Class Mail
Flats**Presorted Flats*

Maximum Weight (ounces)	Presorted (\$)
1	<u>1.000</u>
2	<u>1.200</u>
3	<u>1.400</u>
4	<u>1.600</u>
5	<u>1.800</u>
6	<u>2.000</u>
7	<u>2.200</u>
8	<u>2.400</u>
9	<u>2.600</u>
10	<u>2.800</u>
11	<u>3.000</u>
12	<u>3.200</u>
13	<u>3.400</u>

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

Maximum Weight (ounces)	Single-Piece (\$)
1	<u>1.160</u>
2	<u>1.360</u>
3	<u>1.560</u>
4	<u>1.760</u>
5	<u>1.960</u>
6	<u>2.160</u>
7	<u>2.360</u>
8	<u>2.560</u>
9	<u>2.760</u>
10	<u>2.960</u>
11	<u>3.160</u>
12	<u>3.360</u>
13	<u>3.560</u>

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

Maximum Weight (ounces)	Keys and Identification Devices (\$)
1	<u>3.75</u>
2	<u>3.95</u>
3	<u>4.15</u>
4	<u>4.35</u>
5	<u>4.55</u>
6	<u>4.75</u>
7	<u>4.95</u>
8	<u>5.15</u>
9	<u>5.35</u>
10	<u>5.55</u>
11	<u>5.75</u>
12	<u>5.95</u>
13	<u>6.15</u>
1 (pound)	Priority Mail Retail Zone 4 postage plus <u>0.92</u>
2 (pounds)	Priority Mail Retail Zone 4 postage plus <u>0.92</u>

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, 2022 to July 31, 2022)*

Provide a four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and 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.

Emerging and Advanced Technology Promotion (March 1, ~~2022~~2021 to August 31, ~~2022~~2021)

Provide a two or three percent discount on the qualifying postage for First-Class Mail 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. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a two percent discount, while technology featuring high barriers to entry will receive a three percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program.

Earned Value Reply Mail Promotion (April 1, ~~2022~~2021 to June 30, ~~2022~~2021)

Informed Delivery Promotion (~~August~~September 1, ~~2022~~2021 to December 31, 2022 ~~November 30, 2021~~)

Provide a four 2 percent discount on the qualifying postage for First-Class Mail 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
*Outbound Single-Piece First-Class Mail International***1125 Outbound Single-Piece First-Class Mail International**

1125.6 Prices*Machinable Letters¹*

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	<u>1.30</u>	<u>1.30</u>	<u>1.30</u>	<u>1.30</u>	<u>1.30</u>	<u>1.30</u>	<u>1.30</u>	<u>1.30</u>	<u>1.30</u>
2	<u>1.30</u>	<u>1.96</u>	<u>2.43</u>	<u>2.43</u>	<u>2.43</u>	<u>2.25</u>	<u>2.25</u>	<u>2.25</u>	<u>2.25</u>
3	<u>1.83</u>	<u>2.60</u>	<u>3.55</u>	<u>3.55</u>	<u>3.55</u>	<u>3.20</u>	<u>3.20</u>	<u>3.20</u>	<u>3.20</u>
3.5	<u>2.36</u>	<u>3.25</u>	<u>4.68</u>	<u>4.68</u>	<u>4.68</u>	<u>4.14</u>	<u>4.14</u>	<u>4.14</u>	<u>4.14</u>

] Nonmachinable Letters

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	<u>1.60</u>	<u>1.60</u>	<u>1.60</u>	<u>1.60</u>	<u>1.60</u>	<u>1.60</u>	<u>1.60</u>	<u>1.60</u>	<u>1.60</u>
2	<u>1.60</u>	<u>2.26</u>	<u>2.73</u>	<u>2.73</u>	<u>2.73</u>	<u>2.55</u>	<u>2.55</u>	<u>2.55</u>	<u>2.55</u>
3	<u>2.13</u>	<u>2.90</u>	<u>3.85</u>	<u>3.85</u>	<u>3.85</u>	<u>3.50</u>	<u>3.50</u>	<u>3.50</u>	<u>3.50</u>
3.5	<u>2.66</u>	<u>3.55</u>	<u>4.98</u>	<u>4.98</u>	<u>4.98</u>	<u>4.44</u>	<u>4.44</u>	<u>4.44</u>	<u>4.44</u>

Postcards

Maximum Weight (ounces)	Canada (\$)	Mexico (\$)	All Other Countries (\$)
not applicable	<u>1.30</u>	<u>1.30</u>	<u>1.30</u>

First-Class Mail
*Outbound Single-Piece First-Class Mail International**Large Envelopes (Flats)*

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	<u>2.60</u>	<u>2.60</u>	<u>2.60</u>	<u>2.60</u>	<u>2.60</u>	<u>2.60</u>	<u>2.60</u>	<u>2.60</u>	<u>2.60</u>
2	<u>2.85</u>	<u>3.38</u>	<u>3.67</u>	<u>3.67</u>	<u>3.67</u>	<u>3.62</u>	<u>3.62</u>	<u>3.62</u>	<u>3.62</u>
3	<u>3.09</u>	<u>4.14</u>	<u>4.73</u>	<u>4.73</u>	<u>4.73</u>	<u>4.61</u>	<u>4.61</u>	<u>4.61</u>	<u>4.61</u>
4	<u>3.31</u>	<u>4.92</u>	<u>5.81</u>	<u>5.81</u>	<u>5.81</u>	<u>5.62</u>	<u>5.62</u>	<u>5.62</u>	<u>5.62</u>
5	<u>3.55</u>	<u>5.69</u>	<u>6.87</u>	<u>6.87</u>	<u>6.87</u>	<u>6.63</u>	<u>6.63</u>	<u>6.63</u>	<u>6.63</u>
6	<u>3.79</u>	<u>6.45</u>	<u>7.93</u>	<u>7.93</u>	<u>7.93</u>	<u>7.64</u>	<u>7.64</u>	<u>7.64</u>	<u>7.64</u>
7	<u>4.03</u>	<u>7.23</u>	<u>9.00</u>	<u>9.00</u>	<u>9.00</u>	<u>8.64</u>	<u>8.64</u>	<u>8.64</u>	<u>8.64</u>
8	<u>4.27</u>	<u>7.99</u>	<u>10.06</u>	<u>10.06</u>	<u>10.06</u>	<u>9.64</u>	<u>9.64</u>	<u>9.64</u>	<u>9.64</u>
12	<u>5.45</u>	<u>9.64</u>	<u>12.20</u>	<u>12.20</u>	<u>12.20</u>	<u>11.73</u>	<u>11.73</u>	<u>11.73</u>	<u>11.73</u>
15.994	<u>6.63</u>	<u>11.31</u>	<u>14.33</u>	<u>14.33</u>	<u>14.33</u>	<u>13.80</u>	<u>13.80</u>	<u>13.80</u>	<u>13.80</u>

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

1205 High Density and Saturation Letters

1205.5 Optional Features

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

- Emerging and Advanced Technology Promotion (March 1, ~~2021~~2022 to August 31, ~~2021~~2022)
- Earned Value Reply Mail Promotion (April 1, ~~2021~~2022 to June 30, ~~2021~~2022)
- Mobile Shopping Promotion (~~August 1, 2021 to December 31, 2021~~
September 1, 2022 to December 31, 2022)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, ~~2021~~2022 to July 31, ~~2021~~2022)
- Informed Delivery Promotion (~~September 1, 2021 to November 30, 2021~~
August 1, 2022 to December 31, 2022)

1205.6 Prices

Saturation Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.197</u>	<u>0.117</u>
DNDC	<u>0.176</u>	<u>0.096</u>
DSCF	<u>0.172</u>	<u>0.092</u>

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Letters**High Density Plus Letters (3.5 ounces or less)*

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.210</u>	<u>0.125</u>
DNDC	<u>0.189</u>	<u>0.104</u>
DSCF	<u>0.185</u>	<u>0.100</u>

High Density Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.239</u>	<u>0.153</u>
DNDC	<u>0.218</u>	<u>0.132</u>
DSCF	<u>0.214</u>	<u>0.128</u>

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay ~~\$0.49~~ \$0.52 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.

Emerging and Advanced Technology Promotion (March 1, ~~2021~~2022 to August 31, ~~2021~~2022)

Provide a two or three percent discount on the qualifying postage for First-Class Mail 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 Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low

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

barriers to entry will receive a two percent discount, while technology featuring high barriers to entry will receive a three percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program.

Earned Value Reply Mail Promotion (April 1, ~~2021~~2022 to June 30, ~~2021~~2022)

Mobile Shopping Promotion (~~August~~September 1, ~~2021~~2022 to December 31, ~~2021~~2022)

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, ~~2021~~2022 to July 31, ~~2021~~2022)*

Provide a ~~two~~ four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and 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, 2021 to November 30, 2021~~
August 1, 2022 to December 31, 2022)*

Provide a ~~2~~ four percent discount on the qualifying postage for First-Class Mail 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**

1210.5 Optional Features

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

- Emerging and Advanced Technology Promotion: Flats Only (March 1, ~~2021~~2022 to August 31, ~~2021~~2022)
- Earned Value Reply Mail Promotion: Flats Only (April 1, ~~2021~~2022 to June 30, ~~2021~~2022)
- Mobile Shopping Promotion: Flats Only (~~August~~ September 1, ~~2021~~2022 to December 31, ~~2021~~2022)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Flats Only (February 1, ~~2021~~2022 to July 31, ~~2021~~2022)
- Informed Delivery Promotion (~~September 1, 2021 to November 30, 2021~~ August 1, 2022 to December 31, 2022)

1210.6 Prices

Saturation Flats (4.0 ounces or less)

Entry Point	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Origin	<u>0.235</u>	<u>0.234</u>	<u>0.147</u>	<u>0.146</u>
DNDC	<u>0.196</u>	<u>0.195</u>	<u>0.108</u>	<u>0.107</u>
DSCF	<u>0.189</u>	<u>0.188</u>	<u>0.101</u>	<u>0.100</u>
DDU	<u>0.168</u>	<u>0.167</u>	<u>0.080</u>	<u>0.079</u>

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

a. Per Piece

	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Per Piece	<u>0.077</u>	<u>0.076</u>	<u>0.032</u>	<u>0.031</u>

b. Per Pound

Entry Point	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Origin	<u>0.630</u>	<u>0.630</u>	<u>0.458</u>	<u>0.458</u>
DNDC	<u>0.474</u>	<u>0.474</u>	<u>0.302</u>	<u>0.302</u>
DSCF	<u>0.447</u>	<u>0.447</u>	<u>0.275</u>	<u>0.275</u>
DDU	0.365	0.365	0.193	0.193

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

a. Per Piece

Mailing Volume Tier	Commercial		Nonprofit	
	Small (\$)	Large (\$)	Small (\$)	Large (\$)
0-200,000	<u>0.357</u>	<u>0.411</u>	<u>0.268</u>	<u>0.309</u>
200,001 and above	<u>0.343</u>	<u>0.398</u>	<u>0.258</u>	<u>0.299</u>

b. Handling Fees for DNDC/DSCF Entry

	Commercial (\$)	Nonprofit (\$)
Entry Point/ Presort	Pallet	Pallet
DNDC – 3-Digit	<u>62.492</u>	<u>49.993</u>
DNDC – 5-Digit	<u>101.609</u>	<u>81.287</u>
DSCF – 5-Digit	<u>47.606</u>	<u>38.221</u>
Pallet Presort	Carton/Sack	Carton/Sack
3-Digit	<u>8.510</u>	<u>6.934</u>

High Density Plus Flats (4.0 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.241</u>	<u>0.153</u>
DNDC	<u>0.202</u>	<u>0.114</u>
DSCF	<u>0.195</u>	<u>0.107</u>
DDU	<u>0.174</u>	<u>0.086</u>

USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels*High Density Plus Flats (greater than 4.0 ounces)*

a. Per Piece

	Commercial (\$)	Nonprofit (\$)
Per Piece	<u>0.083</u>	<u>0.038</u>

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.630</u>	<u>0.458</u>
DNDC	<u>0.474</u>	<u>0.302</u>
DSCF	<u>0.447</u>	<u>0.275</u>
DDU	0.365	0.193

High Density Flats (4.0 ounces or less)

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

<u>Entry Point</u>	<u>Commercial</u> (\$)		<u>Nonprofit</u> (\$)		
	<u>5-Digit Pallet</u>	<u>Other</u>	<u>5-Digit Pallet</u>	<u>Other</u>	
<u>Origin</u>	<u>0.279</u>	<u>0.289</u>	<u>0.191</u>	<u>0.201</u>	
<u>DNDC</u>	<u>0.240</u>	<u>0.250</u>	<u>0.152</u>	<u>0.162</u>	
<u>DSCF</u>	<u>0.233</u>	<u>0.243</u>	<u>0.145</u>	<u>0.155</u>	
<u>DDU</u>	<u>0.212</u>	<u>0.222</u>	<u>0.124</u>	<u>0.134</u>	

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

a. Per Piece

	Commercial (\$)	Nonprofit (\$)
Per Piece	0.106	0.059

<u>Entry Point</u>	<u>Commercial (\$)</u>		<u>Nonprofit (\$)</u>	
	<u>5-Digit Pallets</u>	<u>Other</u>	<u>5-Digit Pallets</u>	<u>Other</u>
<u>Origin</u>	<u>0.121</u>	<u>0.131</u>	<u>0.076</u>	<u>0.086</u>
<u>DNDC</u>	<u>0.121</u>	<u>0.131</u>	<u>0.076</u>	<u>0.086</u>
<u>DSCF</u>	<u>0.121</u>	<u>0.131</u>	<u>0.076</u>	<u>0.086</u>
<u>DDU</u>	<u>0.121</u>	<u>0.131</u>	<u>0.076</u>	<u>0.086</u>

b. Per Pound

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

<u>Entry Point</u>	<u>Commercial (\$)</u>		<u>Nonprofit (\$)</u>	
	<u>5-Digit Pallets</u>	<u>Other</u>	<u>5-Digit Pallets</u>	<u>Other</u>
<u>Origin</u>	<u>0.630</u>	<u>0.630</u>	<u>0.458</u>	<u>0.458</u>
<u>DNDC</u>	<u>0.474</u>	<u>0.474</u>	<u>0.302</u>	<u>0.302</u>
<u>DSCF</u>	<u>0.447</u>	<u>0.447</u>	<u>0.275</u>	<u>0.275</u>
<u>DDU</u>	<u>0.365</u>	<u>0.365</u>	<u>0.193</u>	<u>0.193</u>

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

Flat-shaped pieces including a Detached Address Label

Add ~~\$0.055~~ \$0.065 for each piece addressed using a Detached Address Label with no advertising, and ~~\$0.060~~ \$0.070 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 ~~\$1.60~~ \$1.74 per piece and forwarded parcels pay ~~\$4.99~~ \$5.42 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.

Emerging and Advanced Technology Promotion: Flats Only (March 1, 20212022 to August 31, 20212022)

Provide a two or three percent discount on the qualifying postage for First-Class Mail 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. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a two percent discount, while technology featuring high barriers to entry will receive a three percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program.

*Earned Value Reply Mail Promotion: Flats Only (April 1, 20212022 to June 30, 20212022)******

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

*Mobile Shopping Promotion: Flats Only (~~August~~September 1, 2021~~2022~~
to December 31, ~~2021~~2022)*

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Flats
Only (~~February 1, 2021~~2022 to July 31, ~~2021~~2022)*

Provide a ~~two~~ four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and 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, 2021 to November 30, 2021~~
August 1, 2022 to December 31, 2022)*

Provide a ~~2~~ four percent discount on the qualifying postage for First-Class Mail 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:

- Emerging and Advanced Technology Promotion: Letters and Flats Only (March 1, ~~2024~~2022 to August 31, ~~2024~~2022)
- Earned Value Reply Mail Promotion: Letters and Flats Only (April 1, ~~2024~~2022 to June 30, ~~2024~~2022)
- Mobile Shopping Promotion: Letters and Flats Only (September 1, 2022 to December 31, 2022 ~~August 1, 2021 to December 31, 2021~~)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Letters and Flats Only (February 1, ~~2024~~2022 to July 31, ~~2024~~2022)
- Informed Delivery Promotion (August 1, 2022 to December 31, 2022 ~~September 1, 2021 to November 30, 2021~~)

1215.6 Prices*Carrier Route Letters (3.5 ounces or less)*

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.332</u>	<u>0.246</u>
DNDC	<u>0.311</u>	<u>0.225</u>
DSCF	<u>0.308</u>	<u>0.222</u>

Carrier Route Letters weighing greater than 3.5 ounces, but not more than 4.0 ounces

Carrier Route Letters weighing greater than 4.0 ounces

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>0.332</u>	<u>0.353</u>	<u>0.244</u>	<u>0.265</u>	
DNDC	<u>0.288</u>	<u>0.309</u>	<u>0.200</u>	<u>0.221</u>	
DSCF	<u>0.276</u>	<u>0.297</u>	<u>0.188</u>	<u>0.209</u>	
DDU	<u>0.268</u>	<u>0.289</u>	<u>0.180</u>	<u>0.201</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>0.126</u>	<u>0.147</u>	<u>0.080</u>	<u>0.101</u>	
DNDC	<u>0.126</u>	<u>0.147</u>	<u>0.080</u>	<u>0.101</u>	
DSCF	<u>0.126</u>	<u>0.147</u>	<u>0.080</u>	<u>0.101</u>	
DDU	<u>0.126</u>	<u>0.147</u>	<u>0.080</u>	<u>0.101</u>	

b. Per Pound

Entry Point	Commercial (\$)		Nonprofit (\$)		
	5-Digit Pallets	Other	5-Digit Pallets	Other	
Origin	<u>0.822</u>	<u>0.822</u>	<u>0.654</u>	<u>0.654</u>	
DNDC	<u>0.647</u>	<u>0.647</u>	<u>0.479</u>	<u>0.479</u>	
DSCF	<u>0.598</u>	<u>0.598</u>	<u>0.430</u>	<u>0.430</u>	
DDU	<u>0.566</u>	<u>0.566</u>	<u>0.398</u>	<u>0.398</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>0.495</u>	<u>0.547</u>	<u>0.370</u>	<u>0.411</u>
200,001 and above	<u>0.479</u>	<u>0.533</u>	<u>0.361</u>	<u>0.401</u>

b. Handling Fees for DNDC/DSCF Entry

	Commercial (\$)	Nonprofit (\$)
Entry Point/ Presort	Pallet	Pallet
DNDC – 3-Digit	<u>62.492</u>	<u>49.993</u>
DNDC – 5-Digit	<u>101.609</u>	<u>81.287</u>
DSCF – 5-Digit	<u>47.606</u>	<u>38.221</u>
Pallet Presort	Carton/Sack	Carton/Sack
3-Digit	<u>8.510</u>	<u>6.934</u>

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay ~~\$0.49~~ \$0.52 per piece, forwarded flats pay ~~\$1.60~~ \$1.74 per piece, and forwarded parcels pay ~~\$4.99~~ \$5.42 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.

*USPS Marketing Mail (Commercial and Nonprofit)
Carrier Route**Emerging and Advanced Technology Promotion: Letters and Flats Only
(March 1, ~~2021~~2022 to August 31, ~~2021~~2022)*

Provide a two or three percent discount on the qualifying postage for First-Class Mail 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. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a two percent discount, while technology featuring high barriers to entry will receive a three percent discount. 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, ~~2021~~2022 to June 30, ~~2021~~2022)

Mobile Shopping Promotion: Letters and Flats Only (August ~~September 1,~~2021 ~~2022~~ to December 31, ~~2021~~2022)

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion:
Letters and Flats Only (February 1, ~~2021~~2022 to July 31, ~~2021~~2022)*

Provide a ~~two~~ four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and 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)
Carrier Route*

*Informed Delivery Promotion (~~September 1, 2021 to November 30, 2021~~
August 1, 2022 to December 31, 2022)*

Provide a ~~2~~ four percent discount on the qualifying postage for First-Class Mail 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**

1220.5 Optional Features

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

- Emerging and Advanced Technology Promotion (March 1, ~~2021~~2022 to August 31, ~~2021~~2022)
- Earned Value Reply Mail Promotion (April 1, ~~2021~~2022 to June 30, ~~2021~~2022)
- Mobile Shopping Promotion (~~August~~September 1, 2022~~2021~~ to December 31, ~~2021~~2022)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, ~~2021~~2022 to July 31, ~~2021~~2022)
- Informed Delivery Promotion (~~September 1, 2021~~ to ~~November 30, 2021~~ August 1, 2022 to December 31, 2022)

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	<u>0.277</u>	<u>0.309</u>	<u>0.330</u>	<u>0.146</u>	<u>0.178</u>	<u>0.199</u>
DNDC	<u>0.256</u>	<u>0.288</u>	<u>0.309</u>	<u>0.125</u>	<u>0.157</u>	<u>0.178</u>
DSCF	<u>0.250</u>	<u>0.282</u>	<u>n/a</u>	<u>0.119</u>	<u>0.151</u>	n/a

USPS Marketing Mail (Commercial and Nonprofit)
Letters*Machinable Letters (3.5 ounces or less)*

Entry Point	Commercial		Nonprofit	
	AADC (\$)	Mixed AADC (\$)	AADC (\$)	Mixed AADC (\$)
Origin	<u>0.323</u>	<u>0.336</u>	<u>0.192</u>	<u>0.205</u>
DNDC	<u>0.302</u>	<u>0.315</u>	<u>0.171</u>	<u>0.184</u>
DSCF	<u>0.296</u>	n/a	<u>0.165</u>	n/a

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay ~~\$0.49~~ \$0.52 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.

Emerging and Advanced Technology Promotion (March 1, ~~2021~~2022 to August 31, ~~2021~~2022)

Provide a two or three percent discount on the qualifying postage for First-Class Mail 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. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a two percent discount, while technology featuring high barriers to entry will receive a three percent discount. 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, ~~2021~~2022 to June 30, ~~2021~~2022)

Mobile Shopping Promotion (~~August~~ September 1, ~~2021~~2022 to December 31, ~~2021~~2022)

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, ~~2021~~ 2022 to July 31, ~~2021~~ 2022)*

Provide a ~~two~~ four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and 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, 2021 to November 30, 2021~~
August 1, 2022 to December 31, 2022)*

Provide a ~~2~~ four percent discount on the qualifying postage for First-Class Mail 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

1225.5

Optional Features

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

- Emerging and Advanced Technology Promotion (March 1, ~~2021~~2022 to August 31, ~~2021~~2022)
 - Earned Value Reply Mail Promotion (April 1, ~~2021~~2022 to June 30, ~~2021~~2022)
 - Mobile Shopping Promotion (~~August~~ September 1, ~~2021~~2022 to December 31, ~~2021~~2022)
 - Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, ~~2021~~2022 to July 31, ~~2021~~2022)
 - Informed Delivery Promotion (~~September 1, 2021 to November 30, 2021~~ August 1, 2022 to December 31, 2022)
-

*USPS Marketing Mail (Commercial and Nonprofit)
Flats*

1225.6 Prices

Automation Flats (4.0 ounces or less)

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.482</u>	<u>0.640</u>	<u>0.729</u>	<u>0.798</u>
DNDC	<u>0.413</u>	<u>0.571</u>	<u>0.660</u>	<u>0.729</u>
DSCF	<u>0.403</u>	<u>0.561</u>	<u>0.650</u>	n/a

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.278</u>	<u>0.436</u>	<u>0.525</u>	<u>0.594</u>
DNDC	<u>0.209</u>	<u>0.367</u>	<u>0.456</u>	<u>0.525</u>
DSCF	<u>0.199</u>	<u>0.357</u>	<u>0.446</u>	n/a

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

a. Per Piece

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.219</u>	<u>0.377</u>	<u>0.466</u>	<u>0.535</u>
DNDC	<u>0.219</u>	<u>0.377</u>	<u>0.466</u>	<u>0.535</u>
DSCF	<u>0.219</u>	<u>0.377</u>	<u>0.466</u>	n/a
Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.053</u>	<u>0.211</u>	<u>0.300</u>	<u>0.369</u>
DNDC	<u>0.053</u>	<u>0.211</u>	<u>0.300</u>	<u>0.369</u>
DSCF	<u>0.053</u>	<u>0.211</u>	<u>0.300</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>1.052</u>	<u>1.052</u>	<u>1.052</u>	<u>1.052</u>
DNDC	<u>0.776</u>	<u>0.776</u>	<u>0.776</u>	<u>0.776</u>
DSCF	<u>0.734</u>	<u>0.734</u>	<u>0.734</u>	n/a

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.900</u>	<u>0.900</u>	<u>0.900</u>	<u>0.900</u>
DNDC	<u>0.624</u>	<u>0.624</u>	<u>0.624</u>	<u>0.624</u>
DSCF	<u>0.582</u>	<u>0.582</u>	<u>0.582</u>	n/a

Nonautomation Flats (4.0 ounces or less)

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.573</u>	<u>0.697</u>	<u>0.759</u>	<u>0.825</u>
DNDC	<u>0.504</u>	<u>0.628</u>	<u>0.690</u>	<u>0.756</u>
DSCF	<u>0.494</u>	<u>0.618</u>	<u>0.680</u>	n/a

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.369</u>	<u>0.493</u>	<u>0.555</u>	<u>0.621</u>
DNDC	<u>0.300</u>	<u>0.424</u>	<u>0.486</u>	<u>0.552</u>
DSCF	<u>0.290</u>	<u>0.414</u>	<u>0.476</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>0.310</u>	<u>0.434</u>	<u>0.496</u>	<u>0.562</u>
DNDC	<u>0.310</u>	<u>0.434</u>	<u>0.496</u>	<u>0.562</u>
DSCF	<u>0.310</u>	<u>0.434</u>	<u>0.496</u>	n/a
Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.144</u>	<u>0.268</u>	<u>0.330</u>	<u>0.396</u>
DNDC	<u>0.144</u>	<u>0.268</u>	<u>0.330</u>	<u>0.396</u>
DSCF	<u>0.144</u>	<u>0.268</u>	<u>0.330</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>1.052</u>	<u>1.052</u>	<u>1.052</u>	<u>1.052</u>
DNDC	<u>0.776</u>	<u>0.776</u>	<u>0.776</u>	<u>0.776</u>
DSCF	<u>0.734</u>	<u>0.734</u>	<u>0.734</u>	n/a

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.900</u>	<u>0.900</u>	<u>0.900</u>	<u>0.900</u>
DNDC	<u>0.624</u>	<u>0.624</u>	<u>0.624</u>	<u>0.624</u>
DSCF	<u>0.582</u>	<u>0.582</u>	<u>0.582</u>	n/a

Nonmachinable Letters Commercial and Nonprofit (4.0 ounces or less)

Nonmachinable Letters Commercial and Nonprofit (greater than 4.0 ounces)

Customized MarketMail Prices

	Commercial (\$)	Nonprofit (\$)
Per Piece	<u>0.535</u>	<u>0.395</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 ~~\$1.60~~ \$1.74 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.

Emerging and Advanced Technology Promotion (March 1, ~~2021~~2022 to August 31, ~~2021~~2022)

Provide a two or three percent discount on the qualifying postage for First-Class Mail 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. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a two percent discount, while technology featuring high barriers to entry will receive a three percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program.

Earned Value Reply Mail Promotion (April 1, ~~2021~~2022 to June 30, ~~2021~~2022)

Mobile Shopping Promotion (~~August~~ September 1, ~~2021~~ 2022 to December 31, ~~2021~~ 2022)

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, ~~2021~~ 2022 to July 31, ~~2021~~ 2022)

Provide a ~~two~~four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and 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)
Flats*

*Informed Delivery Promotion (~~September 1, 2021 to November 30, 2021~~
August 1, 2022 to December 31, 2022)*

Provide a 2 four percent discount on the qualifying postage for First-Class Mail 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>1.712</u>	<u>2.088</u>	n/a	n/a	<u>1.548</u>	<u>1.924</u>
DNDC	<u>1.057</u>	<u>1.349</u>	<u>1.643</u>	n/a	<u>0.893</u>	<u>1.185</u>	<u>1.479</u>	n/a
DSCF	<u>0.981</u>	<u>1.273</u>	n/a	n/a	<u>0.817</u>	<u>1.109</u>	n/a	n/a
DDU	<u>0.887</u>	n/a	n/a	n/a	<u>0.723</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>0.800</u>	<u>1.092</u>	<u>1.386</u>	<u>1.762</u>	<u>0.682</u>	<u>0.974</u>	<u>1.268</u>	<u>1.644</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>1.582</u>	<u>1.582</u>	n/a	n/a	<u>1.359</u>	<u>1.359</u>
DNDC	<u>1.245</u>	<u>1.245</u>	<u>1.245</u>	n/a	<u>1.022</u>	<u>1.022</u>	<u>1.022</u>	n/a
DSCF	<u>0.878</u>	<u>0.878</u>	n/a	n/a	<u>0.655</u>	<u>0.655</u>	n/a	n/a
DDU	<u>0.422</u>	n/a	n/a	n/a	<u>0.199</u>	n/a	n/a	n/a

*USPS Marketing Mail (Commercial and Nonprofit)
Parcels**Nonprofit Machinable Parcels Prices (3.5 ounces or more)*

a. Per Piece

	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	<u>0.835</u>	<u>1.311</u>	<u>1.673</u>

b. Per Pound

Entry Point	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	<u>1.410</u>	<u>1.410</u>
DNDC	<u>1.115</u>	<u>1.115</u>	n/a
DSCF	<u>0.425</u>	n/a	n/a
DDU	<u>0.285</u>	n/a	n/a

Nonprofit Irregular Parcels (3.3 ounces or less)

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	n/a	<u>2.058</u>	<u>2.308</u>
DNDC	<u>1.065</u>	<u>1.448</u>	<u>1.997</u>	n/a
DSCF	<u>0.923</u>	<u>1.306</u>	n/a	n/a
DDU	<u>0.894</u>	n/a	n/a	n/a

*USPS Marketing Mail (Commercial and Nonprofit)
Parcels**Nonprofit Irregular Parcels (greater than 3.3 ounces)*

a. Per Piece

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	<u>0.835</u>	<u>1.218</u>	<u>1.767</u>	<u>2.017</u>

b. Per Pound

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	n/a	<u>1.410</u>	<u>1.410</u>
DNDC	<u>1.115</u>	<u>1.115</u>	<u>1.115</u>	n/a
DSCF	<u>0.425</u>	<u>0.425</u>	n/a	n/a
DDU	<u>0.285</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 ~~\$4.99~~ \$5.42 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)
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>0.200</u>

Periodicals
*In-County Periodicals***1300 Periodicals**

1305 In-County Periodicals

1305.6 Prices

In-County Automation

a. Pound Prices (per pound or fraction thereof)

b. Piece Prices (per addressed piece)

Presort Level	Letters (\$)	Flats (\$)
5-Digit	<u>0.059</u>	<u>0.140</u>
3-Digit	<u>0.081</u>	<u>0.182</u>
Basic	<u>0.088</u>	<u>0.200</u>

In-County Nonautomation

a. Pound Prices (per pound or fraction thereof)

b. Piece Prices (per addressed piece)

Presort Level	Letters, Flats, and Parcels (\$)
Carrier Route Saturation	<u>0.039</u>
Carrier Route High Density	<u>0.055</u>
Carrier Route Basic	<u>0.076</u>
5-Digit	<u>0.184</u>
3-Digit	<u>0.228</u>
Basic	<u>0.257</u>

*Worksharing Discount for DDU*Each DDU entered piece receives a discount of ~~\$0.008~~ \$0.010.*In-County Periodicals including a Ride-Along piece*Add ~~\$0.180~~ \$0.181 for a Ride-Along item enclosed with or attached to an In-County Periodical.

1310 Outside County Periodicals

1310.6 Prices

Pound Prices (per pound or fraction thereof)

Entry Level or Zone	Regular		Science of Agriculture	
	Advertising (\$)	Editorial (\$)	Advertising (\$)	Editorial (\$)
DDU	0.120	0.088	0.090	0.088
DSCF	0.176	0.132	0.132	0.132
DADC	0.188	0.141	0.141	0.141
Zones 1 & 2	<u>0.292</u>	0.157	<u>0.219</u>	0.157
Zone 3	<u>0.292</u>	0.157	<u>0.292</u>	0.157
Zone 4	<u>0.292</u>	0.157	<u>0.292</u>	0.157
Zone 5	<u>0.292</u>	0.157	<u>0.292</u>	0.157
Zone 6	<u>0.292</u>	0.157	<u>0.292</u>	0.157
Zone 7	<u>0.292</u>	0.157	<u>0.292</u>	0.157
Zone 8	<u>0.292</u>	0.157	<u>0.292</u>	0.157
Zone 9	<u>0.292</u>	0.157	<u>0.292</u>	0.157

Piece Price (per addressed piece)

a. Carrier Route Letters, Flats, and Parcels

Bundle Level	Letters, Flats, and Parcels (\$)
Saturation	<u>0.167</u>
High Density	<u>0.185</u>
Basic	<u>0.218</u>

*Periodicals
Outside County Periodicals*

b. Barcoded Letters

Bundle Level	Barcoded Letters (\$)
5-Digit	<u>0.309</u>
3-Digit/SCF	<u>0.333</u>
ADC	<u>0.338</u>
Mixed ADC	<u>0.357</u>

c. Machinable Flats and Nonbarcoded Letters

Bundle Level	Barcoded Flats (\$)	Nonbarcoded Flats (\$)	Nonbarcoded Letters (\$)
5-Digit	<u>0.381</u>	<u>0.394</u>	<u>0.394</u>
3-Digit/SCF	<u>0.485</u>	<u>0.513</u>	<u>0.513</u>
ADC	<u>0.525</u>	<u>0.566</u>	<u>0.566</u>
Mixed ADC	<u>0.579</u>	<u>0.633</u>	<u>0.633</u>

d. Nonmachinable Flats and Parcels

Bundle Level	Barcoded Flats (\$)	Nonbarcoded Flats (\$)	Parcels (\$)
5-Digit	<u>0.543</u>	<u>0.545</u>	<u>0.545</u>
3-Digit/SCF	<u>0.630</u>	<u>0.632</u>	<u>0.632</u>
ADC	<u>0.671</u>	<u>0.679</u>	<u>0.679</u>
Mixed ADC	<u>0.781</u>	<u>0.781</u>	<u>0.781</u>

f. Firm Bundle Piece Price

Bundle Prices (per bundle)

Bundle Level	Container Level				
	Carrier Route (\$)	5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
Firm	<u>0.151</u>	<u>0.151</u>	<u>0.393</u>	<u>0.437</u>	<u>0.625</u>
Carrier Route	<u>0.191</u>	<u>0.191</u>	<u>0.675</u>	<u>0.888</u>	<u>1.138</u>
5-Digit		<u>0.393</u>	<u>0.458</u>	<u>0.571</u>	<u>0.846</u>
3-Digit/SFC			<u>0.400</u>	<u>0.521</u>	<u>0.800</u>
ADC				<u>0.415</u>	<u>0.683</u>
Mixed ADC					<u>0.224</u>

Container Prices (per pallet, tray, or sack)

a. Pallet Container

Entry Point	Carrier Route (\$)	5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	<u>3.062</u>				
DSCF	<u>28.883</u>	<u>45.790</u>	<u>28.339</u>		
DADC	<u>53.382</u>	<u>70.651</u>	<u>54.131</u>	<u>29.208</u>	
DNDC	<u>53.970</u>	<u>71.247</u>	<u>54.438</u>	<u>53.206</u>	
Origin	<u>76.364</u>	<u>93.972</u>	<u>76.037</u>	<u>75.652</u>	<u>13.394</u>

*Periodicals
Outside County Periodicals*

b. Sack Container

Entry Point	Carrier Route/ 5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	<u>1.549</u>			
DSCF	<u>2.310</u>	<u>1.374</u>		
DADC	<u>2.923</u>	<u>2.284</u>	<u>1.335</u>	
DNDC	<u>3.158</u>	<u>2.384</u>	<u>2.345</u>	
Origin	<u>4.287</u>	<u>3.454</u>	<u>3.502</u>	<u>1.198</u>

Tray Container

Entry Point	Carrier Route/ 5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	<u>1.434</u>			
DSCF	<u>2.140</u>	<u>1.247</u>		
DADC	<u>2.923</u>	<u>2.284</u>	<u>1.335</u>	
DNDC	<u>3.158</u>	<u>2.384</u>	<u>2.345</u>	
Origin	<u>4.287</u>	<u>3.454</u>	<u>3.502</u>	<u>1.198</u>

Outside County Periodicals including a Ride-Along piece

Add ~~\$0.180~~ \$0.181 for a Ride-Along item enclosed with or attached to an Outside County Periodical.

*Package Services
Alaska Bypass*

1400 Package Services

1405 Alaska Bypass Service

1405.6 Prices

Alaska Bypass

Maximum Weight (pounds)	Zones 1 & 2 (\$)	
70	<u>29.24</u>	

1415 Bound Printed Matter Flats

1415.6 Prices*Carrier Route*

1. Destination Entry

	DDU (\$)	DSCF (\$)	DNDC Zone 1 & 2 (\$)	DNDC Zone 3 (\$)	DNDC Zone 4 (\$)	DNDC Zone 5 (\$)
Per Piece	<u>0.443</u>	<u>0.623</u>	<u>1.066</u>	<u>1.066</u>	<u>1.066</u>	<u>1.066</u>
Per Pound	<u>0.024</u>	<u>0.044</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>

2. Other Than Destination Entry

	Zone 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
Per Piece	<u>1.177</u>	<u>1.177</u>	<u>1.177</u>	<u>1.177</u>	<u>1.177</u>	<u>1.177</u>	<u>1.177</u>
Per Pound	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>

Presorted

1. Destination Entry¹

	DDU (\$)	DSCF (\$)	DNDC Zone 1 & 2 (\$)	DNDC Zone 3 (\$)	DNDC Zone 4 (\$)	DNDC Zone 5 (\$)
Per Piece	<u>0.595</u>	<u>0.775</u>	<u>1.218</u>	<u>1.218</u>	<u>1.218</u>	<u>1.218</u>
Per Pound	<u>0.024</u>	<u>0.044</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>

Package Services
Bound Printed Matter Flats

2. Other Than Destination Entry

	Zone 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
Per Piece	<u>1.329</u>	<u>1.329</u>	<u>1.329</u>	<u>1.329</u>	<u>1.329</u>	<u>1.329</u>	<u>1.329</u>
Per Pound	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>

Nonpresorted

Maximum Weight (pounds)	Zone 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
1.0	<u>2.23</u>	<u>2.23</u>	<u>2.23</u>	<u>2.23</u>	<u>2.23</u>	<u>2.23</u>	<u>2.23</u>
1.5	<u>2.35</u>	<u>2.35</u>	<u>2.35</u>	<u>2.35</u>	<u>2.35</u>	<u>2.35</u>	<u>2.35</u>
2.0	<u>2.48</u>	<u>2.48</u>	<u>2.48</u>	<u>2.48</u>	<u>2.48</u>	<u>2.48</u>	<u>2.48</u>
2.5	<u>2.62</u>	<u>2.62</u>	<u>2.62</u>	<u>2.62</u>	<u>2.62</u>	<u>2.62</u>	<u>2.62</u>
3.0	<u>2.76</u>	<u>2.76</u>	<u>2.76</u>	<u>2.76</u>	<u>2.76</u>	<u>2.76</u>	<u>2.76</u>
3.5	<u>2.91</u>	<u>2.91</u>	<u>2.91</u>	<u>2.91</u>	<u>2.91</u>	<u>2.91</u>	<u>2.91</u>
4.0	<u>3.08</u>	<u>3.08</u>	<u>3.08</u>	<u>3.08</u>	<u>3.08</u>	<u>3.08</u>	<u>3.08</u>
4.5	<u>3.24</u>	<u>3.24</u>	<u>3.24</u>	<u>3.24</u>	<u>3.24</u>	<u>3.24</u>	<u>3.24</u>
5.0	<u>3.42</u>	<u>3.42</u>	<u>3.42</u>	<u>3.42</u>	<u>3.42</u>	<u>3.42</u>	<u>3.42</u>
6.0	<u>3.61</u>	<u>3.61</u>	<u>3.61</u>	<u>3.61</u>	<u>3.61</u>	<u>3.61</u>	<u>3.61</u>
7.0	<u>3.81</u>	<u>3.81</u>	<u>3.81</u>	<u>3.81</u>	<u>3.81</u>	<u>3.81</u>	<u>3.81</u>
8.0	<u>4.02</u>	<u>4.02</u>	<u>4.02</u>	<u>4.02</u>	<u>4.02</u>	<u>4.02</u>	<u>4.02</u>
9.0	<u>4.24</u>	<u>4.24</u>	<u>4.24</u>	<u>4.24</u>	<u>4.24</u>	<u>4.24</u>	<u>4.24</u>
10.0	<u>4.47</u>	<u>4.47</u>	<u>4.47</u>	<u>4.47</u>	<u>4.47</u>	<u>4.47</u>	<u>4.47</u>
11.0	<u>4.72</u>	<u>4.72</u>	<u>4.72</u>	<u>4.72</u>	<u>4.72</u>	<u>4.72</u>	<u>4.72</u>
12.0	<u>4.98</u>	<u>4.98</u>	<u>4.98</u>	<u>4.98</u>	<u>4.98</u>	<u>4.98</u>	<u>4.98</u>
13.0	<u>5.25</u>	<u>5.25</u>	<u>5.25</u>	<u>5.25</u>	<u>5.25</u>	<u>5.25</u>	<u>5.25</u>
14.0	<u>5.54</u>	<u>5.54</u>	<u>5.54</u>	<u>5.54</u>	<u>5.54</u>	<u>5.54</u>	<u>5.54</u>
15.0	<u>5.85</u>	<u>5.85</u>	<u>5.85</u>	<u>5.85</u>	<u>5.85</u>	<u>5.85</u>	<u>5.85</u>

Forwarding-and-Return-Service

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded flats pay ~~\$3.27~~ \$3.30 per piece. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate Bound Printed Matter Flats Nonpresorted price for the piece.

*Package Services
Bound Printed Matter Parcels***1420 Bound Printed Matter Parcels**

1420.6 Prices

Carrier Route

a. Destination Entry

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.697</u>	<u>0.88</u>	<u>1.329</u>	<u>1.329</u>	<u>1.329</u>	<u>1.329</u>
Per Pound	<u>0.048</u>	<u>0.081</u>	<u>0.102</u>	<u>0.135</u>	<u>0.183</u>	<u>0.254</u>

b. Other Than Destination Entry

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zones 8 & 9
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>1.441</u>	<u>1.441</u>	<u>1.441</u>	<u>1.441</u>	<u>1.441</u>	<u>1.441</u>	<u>1.441</u>
Per Pound	<u>0.190</u>	<u>0.226</u>	<u>0.275</u>	<u>0.340</u>	<u>0.415</u>	<u>0.479</u>	<u>0.626</u>

*Package Services
Bound Printed Matter Parcels**Presorted*

a. Destination Entry

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.852</u>	<u>1.035</u>	<u>1.484</u>	<u>1.484</u>	<u>1.484</u>	<u>1.484</u>
Per Pound	<u>0.048</u>	<u>0.081</u>	<u>0.102</u>	<u>0.135</u>	<u>0.183</u>	<u>0.254</u>

b. Other Than Destination Entry

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zones 8 & 9
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>1.596</u>	<u>1.596</u>	<u>1.596</u>	<u>1.596</u>	<u>1.596</u>	<u>1.596</u>	<u>1.596</u>
Per Pound	0.190	0.226	0.275	0.340	0.415	0.479	0.626

*Package Services
Bound Printed Matter Parcels**Nonpresorted*

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
1.0	<u>2.87</u>	<u>2.94</u>	<u>3.00</u>	<u>3.10</u>	<u>3.23</u>	<u>3.29</u>	<u>3.51</u>
1.5	<u>3.04</u>	<u>3.12</u>	<u>3.18</u>	<u>3.29</u>	<u>3.42</u>	<u>3.49</u>	<u>3.72</u>
2.0	<u>3.01</u>	<u>3.09</u>	<u>3.17</u>	<u>3.30</u>	<u>3.47</u>	<u>3.55</u>	<u>3.87</u>
2.5	<u>3.14</u>	<u>3.25</u>	<u>3.36</u>	<u>3.52</u>	<u>3.74</u>	<u>3.85</u>	<u>4.24</u>
3.0	<u>3.28</u>	<u>3.41</u>	<u>3.54</u>	<u>3.73</u>	<u>4.00</u>	<u>4.13</u>	<u>4.61</u>
3.5	<u>3.43</u>	<u>3.58</u>	<u>3.73</u>	<u>3.96</u>	<u>4.28</u>	<u>4.43</u>	<u>4.99</u>
4.0	<u>3.56</u>	<u>3.73</u>	<u>3.90</u>	<u>4.16</u>	<u>4.52</u>	<u>4.69</u>	<u>5.34</u>
4.5	<u>3.69</u>	<u>3.88</u>	<u>4.07</u>	<u>4.38</u>	<u>4.78</u>	<u>4.97</u>	<u>5.69</u>
5.0	<u>3.83</u>	<u>4.05</u>	<u>4.27</u>	<u>4.61</u>	<u>5.06</u>	<u>5.28</u>	<u>6.08</u>
6.0	<u>4.10</u>	<u>4.38</u>	<u>4.66</u>	<u>5.07</u>	<u>5.61</u>	<u>5.89</u>	<u>6.85</u>
7.0	<u>4.39</u>	<u>4.71</u>	<u>5.03</u>	<u>5.51</u>	<u>6.16</u>	<u>6.48</u>	<u>7.60</u>
8.0	<u>4.65</u>	<u>5.01</u>	<u>5.37</u>	<u>5.92</u>	<u>6.65</u>	<u>7.01</u>	<u>8.28</u>
9.0	<u>4.93</u>	<u>5.34</u>	<u>5.75</u>	<u>6.37</u>	<u>7.20</u>	<u>7.61</u>	<u>9.05</u>
10.0	<u>5.19</u>	<u>5.65</u>	<u>6.11</u>	<u>6.80</u>	<u>7.71</u>	<u>8.17</u>	<u>9.76</u>
11.0	<u>5.49</u>	<u>6.00</u>	<u>6.51</u>	<u>7.27</u>	<u>8.29</u>	<u>8.80</u>	<u>10.57</u>
12.0	<u>5.75</u>	<u>6.30</u>	<u>6.85</u>	<u>7.68</u>	<u>8.78</u>	<u>9.33</u>	<u>11.26</u>
13.0	<u>6.02</u>	<u>6.61</u>	<u>7.20</u>	<u>8.09</u>	<u>9.28</u>	<u>9.87</u>	<u>11.95</u>
14.0	<u>6.31</u>	<u>6.96</u>	<u>7.61</u>	<u>8.58</u>	<u>9.85</u>	<u>10.50</u>	<u>12.75</u>
15.0	<u>6.58</u>	<u>7.27</u>	<u>7.96</u>	<u>8.99</u>	<u>10.38</u>	<u>11.07</u>	<u>13.49</u>

*Pickup On Demand Service*Add ~~\$24.00~~ \$25.00 for each Pickup On Demand stop.

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

1425.6 Prices

Media Mail

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
1	<u>1.91</u>	<u>2.97</u>	<u>3.19</u>
2	<u>2.54</u>	<u>3.60</u>	<u>3.82</u>
3	<u>3.17</u>	<u>4.23</u>	<u>4.45</u>
4	<u>3.80</u>	<u>4.86</u>	<u>5.08</u>
5	<u>4.43</u>	<u>5.49</u>	<u>5.71</u>
6	<u>5.06</u>	<u>6.12</u>	<u>6.34</u>
7	<u>5.69</u>	<u>6.75</u>	<u>6.97</u>
8	<u>6.32</u>	<u>7.38</u>	<u>7.60</u>
9	<u>6.95</u>	<u>8.01</u>	<u>8.23</u>
10	<u>7.58</u>	<u>8.64</u>	<u>8.86</u>
11	<u>8.21</u>	<u>9.27</u>	<u>9.49</u>
12	<u>8.84</u>	<u>9.90</u>	<u>10.12</u>
13	<u>9.47</u>	<u>10.53</u>	<u>10.75</u>
14	<u>10.10</u>	<u>11.16</u>	<u>11.38</u>
15	<u>10.73</u>	<u>11.79</u>	<u>12.01</u>
16	<u>11.36</u>	<u>12.42</u>	<u>12.64</u>
17	<u>11.99</u>	<u>13.05</u>	<u>13.27</u>
18	<u>12.62</u>	<u>13.68</u>	<u>13.90</u>
19	<u>13.25</u>	<u>14.31</u>	<u>14.53</u>
20	<u>13.88</u>	<u>14.94</u>	<u>15.16</u>
21	<u>14.51</u>	<u>15.57</u>	<u>15.79</u>
22	<u>15.14</u>	<u>16.20</u>	<u>16.42</u>
23	<u>15.77</u>	<u>16.83</u>	<u>17.05</u>
24	<u>16.40</u>	<u>17.46</u>	<u>17.68</u>
25	<u>17.03</u>	<u>18.09</u>	<u>18.31</u>

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

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
26	<u>17.66</u>	<u>18.72</u>	<u>18.94</u>
27	<u>18.29</u>	<u>19.35</u>	<u>19.57</u>
28	<u>18.92</u>	<u>19.98</u>	<u>20.20</u>
29	<u>19.55</u>	<u>20.61</u>	<u>20.83</u>
30	<u>20.18</u>	<u>21.24</u>	<u>21.46</u>
31	<u>20.81</u>	<u>21.87</u>	<u>22.09</u>
32	<u>21.44</u>	<u>22.50</u>	<u>22.72</u>
33	<u>22.07</u>	<u>23.13</u>	<u>23.35</u>
34	<u>22.70</u>	<u>23.76</u>	<u>23.98</u>
35	<u>23.33</u>	<u>24.39</u>	<u>24.61</u>
36	<u>23.96</u>	<u>25.02</u>	<u>25.24</u>
37	<u>24.59</u>	<u>25.65</u>	<u>25.87</u>
38	<u>25.22</u>	<u>26.28</u>	<u>26.50</u>
39	<u>25.85</u>	<u>26.91</u>	<u>27.13</u>
40	<u>26.48</u>	<u>27.54</u>	<u>27.76</u>
41	<u>27.11</u>	<u>28.17</u>	<u>28.39</u>
42	<u>27.74</u>	<u>28.80</u>	<u>29.02</u>
43	<u>28.37</u>	<u>29.43</u>	<u>29.65</u>
44	<u>29.00</u>	<u>30.06</u>	<u>30.28</u>
45	<u>29.63</u>	<u>30.69</u>	<u>30.91</u>
46	<u>30.26</u>	<u>31.32</u>	<u>31.54</u>
47	<u>30.89</u>	<u>31.95</u>	<u>32.17</u>
48	<u>31.52</u>	<u>32.58</u>	<u>32.80</u>
49	<u>32.15</u>	<u>33.21</u>	<u>33.43</u>
50	<u>32.78</u>	<u>33.84</u>	<u>34.06</u>

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

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
51	<u>33.41</u>	<u>34.47</u>	<u>34.69</u>
52	<u>34.04</u>	<u>35.10</u>	<u>35.32</u>
53	<u>34.67</u>	<u>35.73</u>	<u>35.95</u>
54	<u>35.30</u>	<u>36.36</u>	<u>36.58</u>
55	<u>35.93</u>	<u>36.99</u>	<u>37.21</u>
56	<u>36.56</u>	<u>37.62</u>	<u>37.84</u>
57	<u>37.19</u>	<u>38.25</u>	<u>38.47</u>
58	<u>37.82</u>	<u>38.88</u>	<u>39.10</u>
59	<u>38.45</u>	<u>39.51</u>	<u>39.73</u>
60	<u>39.08</u>	<u>40.14</u>	<u>40.36</u>
61	<u>39.71</u>	<u>40.77</u>	<u>40.99</u>
62	<u>40.34</u>	<u>41.40</u>	<u>41.62</u>
63	<u>40.97</u>	<u>42.03</u>	<u>42.25</u>
64	<u>41.60</u>	<u>42.66</u>	<u>42.88</u>
65	<u>42.23</u>	<u>43.29</u>	<u>43.51</u>
66	<u>42.86</u>	<u>43.92</u>	<u>44.14</u>
67	<u>43.49</u>	<u>44.55</u>	<u>44.77</u>
68	<u>44.12</u>	<u>45.18</u>	<u>45.40</u>
69	<u>44.75</u>	<u>45.81</u>	<u>46.03</u>
70	<u>45.38</u>	<u>46.44</u>	<u>46.66</u>

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

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
1	<u>1.81</u>	<u>2.82</u>	<u>3.03</u>
2	<u>2.41</u>	<u>3.42</u>	<u>3.63</u>
3	<u>3.01</u>	<u>4.02</u>	<u>4.23</u>
4	<u>3.61</u>	<u>4.62</u>	<u>4.83</u>
5	<u>4.21</u>	<u>5.22</u>	<u>5.43</u>
6	<u>4.81</u>	<u>5.82</u>	<u>6.03</u>
7	<u>5.41</u>	<u>6.42</u>	<u>6.63</u>
8	<u>6.01</u>	<u>7.02</u>	<u>7.23</u>
9	<u>6.61</u>	<u>7.62</u>	<u>7.83</u>
10	<u>7.21</u>	<u>8.22</u>	<u>8.43</u>
11	<u>7.81</u>	<u>8.82</u>	<u>9.03</u>
12	<u>8.41</u>	<u>9.42</u>	<u>9.63</u>
13	<u>9.01</u>	<u>10.02</u>	<u>10.23</u>
14	<u>9.61</u>	<u>10.62</u>	<u>10.83</u>
15	<u>10.21</u>	<u>11.22</u>	<u>11.43</u>
16	<u>10.81</u>	<u>11.82</u>	<u>12.03</u>
17	<u>11.41</u>	<u>12.42</u>	<u>12.63</u>
18	<u>12.01</u>	<u>13.02</u>	<u>13.23</u>
19	<u>12.61</u>	<u>13.62</u>	<u>13.83</u>
20	<u>13.21</u>	<u>14.22</u>	<u>14.43</u>
21	<u>13.81</u>	<u>14.82</u>	<u>15.03</u>
22	<u>14.41</u>	<u>15.42</u>	<u>15.63</u>
23	<u>15.01</u>	<u>16.02</u>	<u>16.23</u>
24	<u>15.61</u>	<u>16.62</u>	<u>16.83</u>
25	<u>16.21</u>	<u>17.22</u>	<u>17.43</u>

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

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
26	<u>16.81</u>	<u>17.82</u>	<u>18.03</u>
27	<u>17.41</u>	<u>18.42</u>	<u>18.63</u>
28	<u>18.01</u>	<u>19.02</u>	<u>19.23</u>
29	<u>18.61</u>	<u>19.62</u>	<u>19.83</u>
30	<u>19.21</u>	<u>20.22</u>	<u>20.43</u>
31	<u>19.81</u>	<u>20.82</u>	<u>21.03</u>
32	<u>20.41</u>	<u>21.42</u>	<u>21.63</u>
33	<u>21.01</u>	<u>22.02</u>	<u>22.23</u>
34	<u>21.61</u>	<u>22.62</u>	<u>22.83</u>
35	<u>22.21</u>	<u>23.22</u>	<u>23.43</u>
36	<u>22.81</u>	<u>23.82</u>	<u>24.03</u>
37	<u>23.41</u>	<u>24.42</u>	<u>24.63</u>
38	<u>24.01</u>	<u>25.02</u>	<u>25.23</u>
39	<u>24.61</u>	<u>25.62</u>	<u>25.83</u>
40	<u>25.21</u>	<u>26.22</u>	<u>26.43</u>
41	<u>25.81</u>	<u>26.82</u>	<u>27.03</u>
42	<u>26.41</u>	<u>27.42</u>	<u>27.63</u>
43	<u>27.01</u>	<u>28.02</u>	<u>28.23</u>
44	<u>27.61</u>	<u>28.62</u>	<u>28.83</u>
45	<u>28.21</u>	<u>29.22</u>	<u>29.43</u>
46	<u>28.81</u>	<u>29.82</u>	<u>30.03</u>
47	<u>29.41</u>	<u>30.42</u>	<u>30.63</u>
48	<u>30.01</u>	<u>31.02</u>	<u>31.23</u>
49	<u>30.61</u>	<u>31.62</u>	<u>31.83</u>
50	<u>31.21</u>	<u>32.22</u>	<u>32.43</u>

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

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
51	<u>31.81</u>	<u>32.82</u>	<u>33.03</u>
52	<u>32.41</u>	<u>33.42</u>	<u>33.63</u>
53	<u>33.01</u>	<u>34.02</u>	<u>34.23</u>
54	<u>33.61</u>	<u>34.62</u>	<u>34.83</u>
55	<u>34.21</u>	<u>35.22</u>	<u>35.43</u>
56	<u>34.81</u>	<u>35.82</u>	<u>36.03</u>
57	<u>35.41</u>	<u>36.42</u>	<u>36.63</u>
58	<u>36.01</u>	<u>37.02</u>	<u>37.23</u>
59	<u>36.61</u>	<u>37.62</u>	<u>37.83</u>
60	<u>37.21</u>	<u>38.22</u>	<u>38.43</u>
61	<u>37.81</u>	<u>38.82</u>	<u>39.03</u>
62	<u>38.41</u>	<u>39.42</u>	<u>39.63</u>
63	<u>39.01</u>	<u>40.02</u>	<u>40.23</u>
64	<u>39.61</u>	<u>40.62</u>	<u>40.83</u>
65	<u>40.21</u>	<u>41.22</u>	<u>41.43</u>
66	<u>40.81</u>	<u>41.82</u>	<u>42.03</u>
67	<u>41.41</u>	<u>42.42</u>	<u>42.63</u>
68	<u>42.01</u>	<u>43.02</u>	<u>43.23</u>
69	<u>42.61</u>	<u>43.62</u>	<u>43.83</u>
70	<u>43.21</u>	<u>44.22</u>	<u>44.43</u>

*Pickup On Demand Service*Add ~~\$24.00~~ \$25.00 for each Pickup On Demand stop.

1500 Special Services

1505 Ancillary Services**1505.1 Address Correction Service**

1505.1.2 Prices

	(\$)
Manual correction, each	
First-Class Mail or First-Class Package Service piece, on-piece correction only	0.00
Other	<u>0.67</u>
Electronic correction, each	
First-Class Mail or First-Class Package Service piece	<u>0.16</u>
Other	<u>0.35</u>
Automated correction (Letters Only)	
First-Class Mail piece	
First two notices, for a given address change, each	<u>0.10</u>
Additional notices, for a given address change, each	<u>0.17</u>
USPS Marketing Mail piece	
First two notices, for a given address change, each	<u>0.13</u>
Additional notices, for a given address change, each	<u>0.31</u>
Full-service correction, each	0.00

1505.2 Applications and Mailing Permits

1505.2.2 Prices

	(\$)
First-Class Mail Presort Mailing Fee (per year)	<u>265.00</u>
USPS Marketing Mail Mailing Fee (per year)	<u>265.00</u>
Periodicals Application Fees (one-time only for each)	
A. Original Entry	<u>805.00</u>
B. Re-entry	<u>105.00</u>
C. Registration for News Agents	<u>105.00</u>
Bound Printed Matter: Destination Entry Mailing Fee (per year) ¹	<u>265.00</u>
Application to Use Permit Imprint (one-time only)	<u>265.00</u>

1505.3 Business Reply Mail

1505.3.2 Prices

	(\$)
Permit (All categories)	<u>265.00¹</u>
Regular (no account maintenance fee)	
Per-piece charge	<u>0.92</u>
Regular (with account maintenance fee)	
Account maintenance (per year)	<u>800.00</u>
Per-piece charge	<u>0.110</u>
Qualified Business Reply Mail, low-volume	
Account maintenance (per year)	<u>800.00</u>
Per-piece charge	<u>0.077</u>
Qualified Business Reply Mail, high-volume	
Account maintenance (per year)	<u>800.00</u>
Quarterly	<u>2,675.00</u>
Per-piece charge	<u>0.016</u>
Bulk Weight Averaged (Non-letters only)	
Account maintenance (per year)	<u>800.00</u>
Per-piece charge	<u>0.023</u>
Monthly maintenance	<u>1,310.00</u>

Special Services
Ancillary Services

1505.4 Bulk Parcel Return Service

1505.4.2 Prices

	(\$)
Per-piece charge	<u>3.90</u>

1505.5 Certified Mail

1505.5.2 Prices

(Per piece)	(\$)
Certified Mail	<u>3.75</u>
Certified Mail with Restricted Delivery and/or Adult Signature	<u>9.75</u>

1505.6 Certificate of Mailing

1505.6.2 Prices*Individual Piece Prices*

	<u>(\$)</u>
Original Certificate of Mailing, Form 3817, individual article presented at retail	<u>1.65</u>
Three or more pieces individually listed on Form 3665-Firm or USPS approved customer provided manifest (per piece listed)	<u>0.47</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>1.65</u>

Quantity of Pieces

	<u>(\$)</u>
Up to 1,000 identical-weight pieces (one Form 3606 for total number)	<u>9.35</u>
Each additional 1,000 identical-weight pieces or fraction thereof	<u>1.20</u>
Each additional copy of the original Form 3606	<u>1.65</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:			
0.01	to	50.00	<u>8.60</u>
50.01	to	100.00	<u>10.70</u>
100.01	to	200.00	<u>13.05</u>
200.01	to	300.00	<u>15.40</u>
300.01	to	400.00	<u>17.75</u>
400.01	to	500.00	<u>20.10</u>
500.01	to	600.00	<u>22.45</u>
600.01	to	700.00	<u>24.80</u>
700.01	to	800.00	<u>27.15</u>
800.01	to	900.00	<u>29.50</u>
900.01	to	1,000.00	<u>31.85</u>
Additional Fees for Optional Features:			
COD Restricted Delivery			<u>5.85</u>

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

1505.8.2 Prices

	(\$)
USPS Marketing Mail Parcels	
Electronic	<u>0.24</u>

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

1505.9.2 Prices*Merchandise Coverage^{1, 2, 3}*

(\$)		(\$)	(\$)
0.01	to	50.00	<u>2.45</u>
50.01	to	100.00	<u>3.15</u>
100.01	to	200.00	<u>3.85</u>
200.01	to	300.00	<u>5.05</u>
300.01	to	400.00	<u>6.40</u>
400.01	to	500.00	<u>7.65</u>
500.01	to	600.00	<u>10.35</u>
600.01	to	5,000.00	<u>10.35</u> plus <u>1.55</u> for each 100.00 or fraction thereof over 600.00
Additional Fee for Optional Feature			
Insurance Restricted Delivery			<u>5.85</u>

1505.11 Parcel Airlift (PAL)

1505.11.2 Prices

	(\$)
For pieces weighing:	
Not more than 2 pounds	<u>1.00</u>
Over 2 but not more than 3 pounds	<u>1.65</u>
Over 3 but not more than 4 pounds	<u>2.25</u>
Over 4 but not more than 30 pounds	<u>2.90</u>

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

1505.12.2 Prices

(\$)		(\$)	(\$)
Declared Value:			
0.00			<u>13.75</u>
0.01	to	100.00	<u>14.35</u>
100.01	to	500.00	<u>16.50</u>
500.01	to	1,000.00	<u>18.35</u>
1,000.01	to	2,000.00	<u>20.20</u>
2,000.01	to	3,000.00	<u>22.05</u>
3,000.01	to	4,000.00	<u>23.90</u>
4,000.01	to	5,000.00	<u>25.75</u>
5,000.01	to	15,000,000.00	<u>25.75</u> plus <u>1.85</u> for each 1,000.00 or fraction thereof over 5,000.00
Greater than		15,000,000.00	<u>27,766.50</u> plus amount determined by the Postal Service based on weight, space, and value
Additional Fees for Optional Features:			
Registered Mail Restricted Delivery			<u>5.85</u>
Registered COD			<u>6.60</u>

1505.13 Return Receipt

1505.13.2 Prices

	(\$)
Original signature (hardcopy)	<u>3.05</u>
Copy of signature (electronic)	<u>1.85</u>

Special Services
Ancillary Services

1505.16 Shipper-Paid Forwarding/Return

1505.16.2 Prices

	(\$)
Account Maintenance Fee (per year)	<u>800.00</u>

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

1505.17.2 Prices

	(\$)
Electronic	<u>2.90</u>
Retail	<u>3.45</u>
Additional Fee for Optional Feature:	
Signature Confirmation Restricted Delivery	<u>5.85</u>

*Special Services
Ancillary Services*

1505.18 Special Handling

1505.18.2 Prices

	(\$)
Fragile	<u>12.15</u>

1505.19 Stamped Envelopes

1505.19.2 Prices

	(\$)
Plain stamped envelopes	
Basic, size 6-3/4, each	<u>0.15</u>
Basic, size 6-3/4, 500	<u>19.55</u>
Basic, over size 6-3/4, each	<u>0.15</u>
Basic, over size 6-3/4, 500	<u>22.30</u>
Personalized stamped envelopes	
Basic, size 6-3/4, 50	<u>6.50</u>
Basic, size 6-3/4, 500	<u>30.05</u>
Basic, over size 6-3/4, 50	<u>6.50</u>
Basic, over size 6-3/4, 500	<u>34.05</u>
Additional Charges for premium options, per 50 envelopes	
Pressure-sensitive sealing	<u>5.90</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>1.20</u>
Window	<u>1.20</u>
Additional Charges for premium options, per 500 envelopes	
Pressure-sensitive sealing	<u>17.30</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>2.45</u>
Window	<u>2.45</u>

*Special Services
Ancillary Services*

	(\$)
Shipping—Boxes of 50	
1 box	<u>6.05</u>
2 boxes	<u>7.40</u>
3 boxes	<u>8.75</u>
4 boxes	<u>9.90</u>
5 boxes	<u>12.20</u>
6 boxes	<u>13.10</u>
7 boxes	<u>14.55</u>
8 boxes	<u>16.00</u>
9 or more boxes	<u>18.20</u>
Shipping—Boxes of 500	
1 box	<u>11.15</u>
2 or more boxes	<u>18.20</u>

1505.20 Stamped Cards

1505.20.2 Prices

	(\$)
Single card	<u>0.05</u>
Double reply-paid card	<u>0.10</u>
Sheet of 40 cards (uncut)	<u>2.00</u>
Pack of 10 sheets of 4 cards each	<u>2.25</u>
Premium Options (Additional Charge)	(\$)
Per order of 250 cards	
Printing of return address	<u>21.50</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>1.10</u>
Monogram	<u>1.10</u>
4-Color logo – first 250 cards	<u>88.00</u>
4-Color logo – additional 250 cards	<u>5.45</u>
Per Order of 1,000 cards	
Printing of return address	<u>54.00</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>2.15</u>
Monogram	<u>2.15</u>
4-Color logo – first 1,000 cards	<u>93.00</u>
4-Color logo – additional 1,000 cards	<u>10.95</u>

*Special Services
International Ancillary Services***1510 International Ancillary Services****1510.1 International Certificate of Mailing**

1510.1.2 Prices*Individual Piece Prices*

	(\$)
Original certificate of mailing for listed pieces of ordinary Single-Piece First-Class Mail International items	<u>1.65</u>
Three or more pieces individually listed in a firm mailing book or an approved customer provided manifest (per piece)	<u>0.47</u>
Each additional copy of original certificate of mailing or firm mailing bills (each copy)	<u>1.65</u>

Multiple Piece Prices

	(\$)
Up to 1,000 identical-weight pieces (one certificate for total number)	<u>9.35</u>
Each additional 1,000 identical-weight pieces or fraction thereof	<u>1.20</u>
Duplicate copy	<u>1.65</u>

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

1510.2.2 Prices*Outbound International Registered Mail Prices*

	(\$)
Per Piece	<u>17.15</u>

*Special Services
International Ancillary Services*

1510.3 International Return Receipt

1510.3.2 Prices

Outbound International Return Receipt Prices

	(\$)
Per Piece	<u>4.75</u>

*Special Services
International Ancillary Services*

1510.4 Customs Clearance and Delivery Fee

1510.4.2 Prices

	(\$)
Per Dutiable Item	<u>7.05</u>

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

1515.2 Prices

	(\$)
Address Sequencing	
Per correction (removal of each undeliverable address, or addition of each missing or new address)	<u>0.52</u>
Insertion of blanks	0.00
AEC II Service	
1-100 records resolved, minimum fee	<u>39.00</u>
Additional records resolved, per record	<u>0.39</u>
AIS (Address Information System) Viewer (per year, per site)	
City State Delivery Type Retrieval Annual Subscription	<u>95.00</u>
County Name Retrieval Annual Subscription	<u>95.00</u>
Delivery Statistic Retrieval Annual Subscription	<u>120.00</u>
ZIP + 4 Retrieval Annual Subscription	<u>95.00</u>
CRIS Route (per year)	
Per state (annual subscription)	<u>70.00*</u>
All States (annual subscription)	<u>1,100*</u>
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 st	1,000.00

*Special Services
Address Management Services*

	(\$)
Change-of-Address Information for Election Boards and Registration Commissions	
Per change of address	<u>0.52</u>
Change-of-Address Customer Notification Letter Reprint	<u>60.00</u>
City State (per year)	
All States (annual subscription)	<u>450.00*</u>
CDS (per address, per year)	<u>0.014</u>
Minimum (per year)	<u>70.00</u>
Correction of Address Lists	
Per submitted address	<u>0.52</u>
Minimum charge per list (30 items)	<u>15.60</u>
Delivery Statistics (per year)	
All States (annual subscription)	<u>465.00*</u>
DMM Labeling Lists	<u>71.00*</u>
DPV System (per year) ³	<u>13,200.00</u>
DSF ² Service (per year) ⁴	<u>132,000.00</u>
Each additional location per year	<u>66,000.00</u>
Each additional platform per location per year	<u>66,000.00</u>
eLOT Service (per year)	
Per state (annual subscription)	<u>70.00*</u>
All States (annual subscription)	<u>1,100.00*</u>

*Special Services
Address Management Services*

	(\$)
Five-Digit ZIP (per year)	
All States (annual subscription)	<u>650.00*</u>
LACSLink5	
Interface Developer (first year)	<u>1,350.00⁶</u>
Interface Developer (each one-year extension)	<u>400.00⁶</u>
Interface Distributor (per year)	<u>1,550.00⁷</u>
Data Distributor (per year)	<u>400.00</u>
End User (per year)	<u>400.00⁸</u>
MASS Certification	
MASS Manufacturers (MLOCR)	
Cycle Testing: (for next cycle) November – June	<u>500.00⁹</u>
Cycle Testing: July	<u>1,000.00⁹</u>
Cycle Testing: (for current cycle) After July 31 st	<u>1,500.00¹⁰</u>
MASS End-Users (MLOCR)	
Cycle Testing: (for next cycle) March – June	<u>500.00⁹</u>
Cycle Testing: July	<u>1,000.00⁹</u>
Cycle Testing: (current cycle) After July 31 st	<u>1,500.00¹⁰</u>
MASS Manufacturers (Encoder)	
Cycle Testing: (for next cycle) November – June	<u>300.00⁹</u>
Cycle Testing: July	<u>750.00⁹</u>
Cycle Testing: (for current cycle) After July 31 st	<u>1,000.00¹⁰</u>
MASS End-Users (Encoder)	
Cycle Testing: (for next cycle) March – June	<u>300.00⁹</u>
Cycle Testing: July	<u>750.00⁹</u>
Cycle Testing: After July 31 st	<u>1,000.00¹⁰</u>
MASS IMb Quality Testing	<u>300.00</u>

*Special Services
Address Management Services*

	(\$)
NCOA ^{Link} Service ¹¹	
Initial Interface Developer (first year fee)	<u>7,350.00</u>
Interface Developer (per each one year extension)	<u>1,500.00</u>
Interface Distributor (per year)	<u>35,500.00</u>
Full Service Provider (per year)	<u>245,000.00</u>
Full Service Provider Each Additional Site (per year)	<u>121,000.00</u>
Limited Service Provider (per year)	<u>20,600.00</u>
Limited Service Provider (per each one year extension)	
One Site only	<u>20,600.00</u>
Each additional site	<u>10,300.00</u>
ANKLink Service Option (per year)	
First Site	<u>4,850.00</u>
Each Additional Site	<u>2,250.00</u>
End User/MPE (first year)	<u>10,300.00</u>
End User/MPE (each renewal year)	
One site (each site for MPE)	<u>10,300.00</u>
Each additional site (End User only)	<u>4,850.00</u>
ANK ^{Link} Service Option (per year)	<u>1,100.00</u>
NCOA ^{Link} Test, Audit (each)	<u>1,500.00</u>
Official National Zone Charts (per year)	
Matrix	<u>70.00*</u>
RDI Service (per year) ¹	<u>415.00*</u>
Z4 Change (per year)	
All States	<u>3,950.00*</u>
ZIP + 4 Service (per year)	
Per state (annual subscription)	<u>70.00*</u>
All States (annual subscription)	<u>1,100.00*</u>

*Special Services
Address Management Services*

	(\$)
ZIP Code Sortation of Address Lists Per 1,000 addresses, or fraction	<u>170.00</u>
ZIP Move (per year) All States (annual subscription)	<u>145.00*</u>
99 Percent Accurate Method (per 1,000 addresses per year) Minimum (per year)	<u>1.35</u> <u>135.00</u>

Notes

3. Fees are prorated for first year based on the Postal fiscal quarter ~~month~~ the agreement is executed.
4. Initial fee is prorated for first year based on the Postal fiscal quarter ~~month~~ the agreement is executed. There is no proration for additional locations or platforms.
5. Fees are prorated for the first year for LACS^{Link} Interface Distributor, Data Distributor, and End User based on the Postal fiscal quarter ~~month~~ the Postal Service certifies system. Interface Developer test fees are waived if part of CASS certification; otherwise, CASS test fees apply for stand-alone testing.

11. NCOA^{Link} fees (excluding Interface Developer) are prorated for the first year based on ~~month~~ the Postal fiscal quarter ~~the~~ Postal Service certifies system. No proration for fees for additional sites.

AMS Price Table for Single Issues or Additional Copies

Number of Copies	*Price (from above)	Multiply by	Factor
Single Issue	*Price	x	0.75
1-100	*Price	x	2.0
101-200	*Price	x	4.0
201-300	*Price	x	6.0
301-400	*Price	x	8.0
401-500	*Price	x	10.0
501-600	*Price	x	12.0
601-700	*Price	x	14.0
701-800	*Price	x	16.0
801-900	*Price	x	18.0
901-1000	*Price	x	20.0
1001-10,000	*Price	x	25.0
10,001 – 20,000	*Price	x	30.0
20,001 – 30,000	*Price	x	35.0
30,001 and over	*Price	x	40.0
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>\$12,000.00</u>	n/a	n/a

*Special Services
Caller Services***1520 Caller Service**

1520.2 Prices

	(\$)
Groups based on Post Office location (Semi-Annual):	
Group 1	<u>885.00</u>
Group 2	<u>815.00</u>
Group 3	<u>750.00</u>
Group 4	<u>705.00</u>
Group 5	<u>670.00</u>
Group 6	<u>625.00</u>
Group 7	<u>595.00</u>
Call Number Reservation (Annual ¹)	<u>61.00</u>

*Special Services
International Reply Coupon Service***1525 Credit Card Authentication**

1525.2 Prices

	(\$)
Per credit card authentication	<u>1.10</u>

Special Services
*International Business Reply Mail Service***1540 International Business Reply Mail Service**

1540.3 Prices

Outbound International Business Reply Mail Service Prices

	(\$)
Card	<u>1.75</u>
Envelope	<u>2.25</u>

*Special Services
Money Orders***1545 Money Orders**

1545.2 Prices

	(\$)		(\$)	(\$)
Domestic	0.01	to	500.00	<u>1.45</u>
Domestic	500.01	to	1,000.00	<u>1.95</u>
APO/FPO/DPO	0.01	to	1,000.00	<u>0.50</u>
Inquiry, including a copy of paid money order				<u>6.95</u>

*Special Services
Post Office Box Service***1550 Post Office Box Service**

1550.4 Prices*Regular and No Fee*

Box Size	Semi-annual Fees ¹ (Groups based on Post Office location) (\$)							
	1	2	3	4	5	6	7	E ²
1	<u>63.00</u>	<u>50.00</u>	<u>42.00</u>	<u>35.00</u>	<u>31.00</u>	<u>27.00</u>	<u>24.00</u>	0.00
2	<u>91.00</u>	<u>75.00</u>	<u>61.00</u>	<u>50.00</u>	<u>42.00</u>	<u>36.00</u>	<u>31.00</u>	0.00
3	<u>158.00</u>	<u>127.00</u>	<u>105.00</u>	<u>80.00</u>	<u>65.00</u>	<u>51.00</u>	<u>46.00</u>	0.00
4	<u>287.00</u>	<u>237.00</u>	<u>93.00</u>	<u>148.00</u>	<u>113.00</u>	<u>83.00</u>	<u>69.00</u>	0.00
5	<u>450.00</u>	<u>371.00</u>	<u>303.00</u>	<u>255.00</u>	<u>182.00</u>	<u>145.00</u>	<u>20.00</u>	0.00

Box Size	3-Month Fees (Groups based on Post Office location) (\$)						
	1	2	3	4	5	6	7
1	<u>38.00</u>	<u>29.00</u>	<u>26.00</u>	<u>21.00</u>	<u>18.00</u>	<u>15.00</u>	<u>14.00</u>
2	<u>55.00</u>	<u>45.00</u>	<u>36.00</u>	<u>30.00</u>	<u>25.00</u>	<u>21.00</u>	<u>19.00</u>
3	<u>94.00</u>	<u>75.00</u>	<u>63.00</u>	<u>49.00</u>	<u>39.00</u>	<u>31.00</u>	<u>29.00</u>
4	<u>170.00</u>	<u>140.00</u>	<u>115.00</u>	<u>90.00</u>	<u>68.00</u>	<u>50.00</u>	<u>41.00</u>
5	<u>267.00</u>	<u>220.00</u>	<u>181.00</u>	<u>152.00</u>	<u>108.00</u>	<u>86.00</u>	<u>72.00</u>

Postal Facilities Primarily Serving Academic Institutions or Their Students

Ancillary Post Office Box Services

	(\$)
Key duplication or replacement	<u>9.00</u>
Lock replacement ¹	<u>25.00</u>
Key deposit	<u>5.00</u>

*Special Services
Post Office Box Service***1560 Stamp Fulfillment Services**

1560.2 Prices

Orders mailed to domestic United States destinations	(\$)
Orders up to \$50.00	<u>1.40</u> ¹ , add <u>2.55</u> ² for custom orders
Orders over \$50.00	<u>2.00</u> ¹ , add <u>2.55</u> ² for custom orders
Orders mailed to destinations outside of domestic United States	(\$)
Orders up to \$50.00	<u>7.45</u> add <u>2.55</u> ² for custom orders
Orders over \$50.00	<u>8.05</u> add <u>2.55</u> ² for custom orders
