

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

Before Commissioners:

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

Market-Dominant Price Change

Docket No. R2023-1

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



Washington, DC 20268-0001  
November 28, 2022

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Attachment—Mail Classification Schedule

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MAIL, PERIODICALS, PACKAGE SERVICES, AND SPECIAL SERVICES PRODUCTS  
AND RELATED MAIL CLASSIFICATION CHANGES

(Issued November 28, 2022)

I. INTRODUCTION AND OVERVIEW

On October 7, 2022, the Postal Service filed notice of its planned price adjustments and related mail classification changes for Market Dominant products.<sup>1</sup> The planned price adjustments described in the Notice are the third to be filed and reviewed pursuant to the new regulations of 39 C.F.R. part 3030, which were finalized in Order No. 5763.<sup>2</sup> The Commission applies the requirements of 39 C.F.R. part 3030,

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<sup>1</sup> United States Postal Service Notice of Market-Dominant Price Change, October 7, 2022 (Notice).

<sup>2</sup> See 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).

Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, 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 available after this proceeding for each class as calculated by the Commission.

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

<b>Class of Mail</b>	<b>Price Changes %</b>	<b>Total Unused Price Authority %</b>
First-Class Mail	4.200	0.001
USPS Marketing Mail	4.202	0.003
Periodicals	3.456	0.744
Package Services	4.197	0.003
Special Services	4.198	0.064
Source: Library References PRC-LR-R2023-1-1 through PRC-LR-R2023-1-5, November 28, 2022.		



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) 2023 promotions and comments addressing the planned price adjustments generally. In Sections V. through IX., the Commission discusses the planned price adjustments and related price adjustment authority 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 October 7, 2022, the Postal Service filed a notice of a Market Dominant price change pursuant to 39 C.F.R. part 3030. *See generally* Notice. The regulations in 39 C.F.R. part 3030 have several key features applicable to this proceeding.

First, the regulations provide for multiple forms of rate authority. 39 C.F.R. § 3030.127(a). In general, 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.*

However, the rate adjustment authority available under 39 C.F.R. part 3030, subpart D (Density Rate Authority); 39 C.F.R. part 3030, subpart E (Retirement Obligation Rate Authority); and 39 C.F.R. part 3030, subpart G (Non-compensatory Classes or Products) is available to the Postal Service only once annually and must be

included in the calculation of the maximum rate adjustment authority in the first generally applicable rate adjustment after the authority becomes available. *Id.* §§ 3030.160(c), .181(c), .222(b). That rate authority became available to the Postal Service on March 29, 2022 and was included in the calculation of the maximum rate adjustment authority in the first generally applicable rate adjustment thereafter, which was approved on May 27, 2022.<sup>3</sup> Thus, for purposes of this proceeding, 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) and 39 C.F.R. part 3030, subpart H (Accumulation of Unused and Disbursement of Banked Rate Adjustment Authority).

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 4.200 percent. Notice at 2. The amount of banked rate authority available pursuant to 39 C.F.R. part 3030, subpart H varies by class, ranging from 0.000 percent for Periodicals and Package Services to 0.062 percent for Special Services. *Id.* at 3. Added together, these two 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.

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<sup>3</sup> See Docket No. ACR2021, Determination of Available Market Dominant Rate Authority, March 29, 2022 (Order No. 6130); Docket No. R2022-1, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, May 27, 2022, at 3-4 (Order No. 6188).

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

<b>Class</b>	<b>CPI-U (%)*</b>	<b>Density (%)</b>	<b>Retirement (%)</b>	<b>Non-Compensatory (%)</b>	<b>Banked (%)</b>	<b>Total (%)</b>
First-Class Mail	4.200	0.000	0.000	0.000	0.001	4.201
USPS Marketing Mail	4.200	0.000	0.000	0.000	0.005	4.205
Periodicals	4.200	0.000	0.000	0.000	0.000	4.200
Package Services	4.200	0.000	0.000	0.000	0.000	4.200
Special Services	4.200	0.000	0.000	0.000	0.062	4.262
<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 August 2022 is 285.848 (Recent Average) and the value for February 2022 is 274.325 (Previous Recent Average). Thus, the Partial Year Limitation = (285.848/274.325)–1 = 4.200 percent.</p> <p>Source: Library References PRC-LR-R2023-1-1 through PRC-LR-R2023-1-5.</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 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 a 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 the requirements for workshare discounts. If a workshare discount is equal to the cost avoided by the Postal Service,<sup>4</sup> the size of the discount cannot be changed. 39 C.F.R. § 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 the cost avoided 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; (3) the proposed workshare discount has received an advance waiver from the Commission pursuant to 39 C.F.R. § 3030.286; or (4) 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 in compliance with 39 C.F.R. § 3030.285(c). *Id.* § 3030.283. 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; (3) the proposed workshare discount has received an advance waiver from the Commission pursuant to 39 C.F.R. § 3030.286; or (4) the

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<sup>4</sup> 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 2021 *Annual Compliance Determination* (ACD). *Id.* § 3030.280. See Docket No. ACR2021, *Annual Compliance Determination*, March 29, 2022 (FY 2021 ACD).

percentage passthrough<sup>5</sup> for the proposed workshare discount is at least 85 percent.  
*Id.* § 3030.284.

### III. PROCEDURAL HISTORY

#### A. Notice and Initial Commission Action

On October 7, 2022, 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 January 22, 2023, at 12:01 a.m. by amounts that it represents are within the available price adjustment authority for each class of mail. Notice at 1, 4-5.

The Notice includes three attachments, which present the planned price and related product description changes to the MCS, workshare discount calculations, and price cap calculation, respectively. *Id.* Attachments A-C. The Postal Service also filed six public library references and one non-public library reference in support of its Notice:

- |   |                                   |
|---|-----------------------------------|
| • Library Reference USPS-LR-R2023-1/1,<br>October 7, 2022 | First-Class Mail Workpapers       |
| • Library Reference USPS-LR-R2023-1/2,<br>October 7, 2022 | USPS Marketing Mail<br>Workpapers |
| • Library Reference USPS-LR-R2023-1/3,<br>October 7, 2022 | Periodicals Workpapers            |
| • Library Reference USPS-LR-R2023-1/4,<br>October 7, 2022 | Package Services Workpapers       |
| • Library Reference USPS-LR-R2023-1/5,<br>October 7, 2022 | Special Services Workpapers       |

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<sup>5</sup> 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.

- Library Reference USPS-LR-R2023-1/6, October 7, 2022 Banked Rate Adjustment Authority Workpapers
- Library Reference USPS-LR-R2023-1/NP1, October 7, 2022 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-R2023-1/NP1.<sup>6</sup>

On October 11, 2022, the Commission issued Order No. 6296, which provided public notification of the Notice; established Docket No. R2023-1 to consider the planned price adjustments' consistency with applicable statutory and regulatory requirements; appointed a Public Representative; and provided an opportunity for interested persons to comment.<sup>7</sup>

#### 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 and library references responsive to issues identified in the CHIRs.

Two questions were posed to the Postal Service relating to First-Class Mail.<sup>8</sup> In response to these questions, the Postal Service provided additional information

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<sup>6</sup> See USPS Notice of Filing USPS-LR-R2023-1-NP1, October 7, 2022, Attachment 1.

<sup>7</sup> Notice and Order on Price Adjustments and Classification Changes for Market Dominant Products, October 11, 2022 (Order No. 6296).

<sup>8</sup> Chairman's Information Request No. 2, October 18, 2022, question 1 (CHIR No. 2); Chairman's Information Request No. 4 and Notice of Filing Under Seal, October 24, 2022, question 1 (CHIR No. 4).

regarding how it distributed promotions-related volumes as well as the planned Inbound Letter Post current offerings and revenue sources.<sup>9</sup>

Fourteen questions were posed to the Postal Service relating to USPS Marketing Mail.<sup>10</sup> In response to these questions, the Postal Service provided information required by the FY 2010 ACD, additional information regarding MCS changes proposed in Attachment A, and additional information concerning the workpapers in Library Reference USPS-LR-R2023-1/2 and adjustments to the billing determinants, including filing a revision to Library Reference USPS-LR-R2023-1/2, Excel file "CAPCALC-USPSMM-R2023-1.xlsx."<sup>11</sup>

Twenty-two questions were posed to the Postal Service relating to Periodicals, including the three questions in CHIR No. 3, which were taken from a motion for an information request filed by the News/Media Alliance (N/MA).<sup>12</sup> In response to these questions, the Postal Service provided additional information regarding adjustments to the billing determinants and price cap calculations for certain sack and bundle volumes; described how the processing of those pieces would change; corrected errors in Library Reference USPS-LR-R2023-1/3, including filing revisions to Library Reference USPS-

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<sup>9</sup> Responses of the United States Postal Service to Chairman's Information Request No. 2, October 25, 2022, question 1 and Excel file "ChIR2 Q1 R2023-1.xlsx" (Response to CHIR No. 2); Responses of the United States Postal Service to Chairman's Information Request No. 4, October 28, 2022, question 1 (Response to CHIR No. 4).

<sup>10</sup> Chairman's Information Request No. 1, October 13, 2022, questions 1-5 (CHIR No. 1); CHIR No. 2, questions 2-7; CHIR No. 4, questions 2-3; Chairman's Information Request No. 5, October 28, 2022, question 1 (CHIR No. 5).

<sup>11</sup> Responses of the United States Postal Service to Chairman's Information Request No. 1, October 20, 2022, questions 1-5 (Response to CHIR No. 1); Response to CHIR No. 2, questions 2-7 and Excel files "CAPCALC ChIR2 Q2\_4 R2023-1.xlsx" and "ChIR2 Q2 R2023-1.xlsx;" Response to CHIR No. 4, questions 2-3; Responses of the United States Postal Service to Chairman's Information Request No. 5, November 2, 2022, question 1 (Response to CHIR No. 5).

<sup>12</sup> CHIR No. 1, questions 6-9; CHIR No. 2, question 8; Chairman's Information Request No. 3, October 19, 2022, questions 1-3 (CHIR No. 3); CHIR No. 4, questions 4-17. See News/Media Alliance Motion for Issuance of Information Request, October 18, 2022 (N/MA Motion). The N/MA Motion is granted.

LR-R2023-1/3, Excel file “USPS-CAPCAL-PER-R2023-1.xlsx;” revised the 3-Digit/sectional center facility (SCF) bundle under Mixed area distribution center (ADC) container price and the related MCS price table; provided additional information regarding MCS changes proposed in Attachment A; and provided additional information regarding the removal of Flats Sequencing System (FSS) scheme preparation and its likely effects.<sup>13</sup>

No questions were posed to the Postal Service relating to Package Services.

Six questions were posed to the Postal Service relating to Special Services. CHIR No. 2, questions 9-14. In response to these questions, the Postal Service provided additional information about its decision to no longer offer Signature Confirmation and Certificate of Mailing for returns, including an additional change needed to Attachment A to the Notice and additional information about underlying volumes; additional information about its decision to no longer offer Correction of Address Lists and ZIP Code Sortation of Address Lists under the Address Management Service product, including additional related changes needed to Attachment A to the Notice; and additional information concerning its workpapers in Library Reference USPS-LR-R2023-1/5.<sup>14</sup>

### C. Comments

The Commission received comments on the planned price adjustments from the following participants: the Greeting Card Association (GCA), the National Association of

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<sup>13</sup> Response to CHIR No.1, questions 6-9 and Excel file “USPS-CAPCAL-PER-R2023-1.xlsx;” Response to CHIR No. 2, question 8 and Attachment A at 96; Responses of the United States Postal Service to Chairman’s Information Request No. 3, October 26, 2022, questions 1-3, Excel file “USPS CAPCAL-PER-R2023-1FSSRevised.xlsx” and ZIP file “R23-1\_ChIR 3 Q2.f Attachments.zip” (Response to CHIR No. 3); Response to CHIR No. 4, questions 4-17, Attachment A at 100 and Excel file “USPS-CAPCAL-PER-R2023-1BRADJ.xlsx.”

<sup>14</sup> Response to CHIR No. 2, questions 9-14, Attachment A at 138, 167, 172 and Excel file “ChIR2 Q11B R2023-1.xlsx.”



Presort Mailers (NAPM), the National Postal Policy Council (NPPC), N/MA, Pitney Bowes Inc. (Pitney Bowes), the Association for Postal Commerce (PostCom), the Public Representative, and Vince Stitzel.<sup>15</sup> 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 2023 promotions and addresses comments that generally object to the Postal Service's planned price adjustments or otherwise address the planned price adjustments more generally.

##### A. CY 2023 Promotions

###### 1. Introduction

The Postal Service plans to offer six promotions applicable to First-Class Mail and USPS Marketing Mail during CY 2023. Notice at 29. Three of 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; and the Informed Delivery Promotion. *Id.* In addition, the Personalized Color Transpromo Promotion; the Reply Mail Intelligent Mail barcode Accounting (IMbA) Promotion; and the Retargeting Mail Promotion apply only to eligible First-Class Mail. *Id.*

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<sup>15</sup> Comments of the Greeting Card Association, November 7, 2022 (GCA Comments); Comments of the National Association of Presort Mailers, November 7, 2022 (NAPM Comments); Comments of the National Postal Policy Council, November 7, 2022 (NPPC Comments); Comments of the News/Media Alliance, November 7, 2022 (N/MA Comments); Comments of Pitney Bowes Inc., November 7, 2022 (Pitney Bowes Comments); Comments of the Association for Postal Commerce, November 7, 2022 (PostCom Comments); Public Representative Comments, November 7, 2022 (PR Comments); Comments of Vince Stitzel on USPS Postage Increase, October 18, 2022 (Stitzel Comments).

The Tactile, Sensory, and Interactive Mailpiece Engagement Promotion; the Emerging and Advanced Technology Promotion; the Personalized Color Transpromo Promotion; and the Informed Delivery Promotion were offered in CY 2022 although there are several changes for CY 2023.<sup>16</sup> The Reply Mail IMbA Promotion and the Retargeting Mail Promotion are new for CY 2023. *Id.* at 29. The Postal Service proposes changes to the MCS to reflect the proposed CY 2023 promotions. See *generally* Notice, Attachment A.

2. Tactile, Sensory, and Interactive Mailpiece Engagement Promotion  
(February 1 – July 31, 2023)

The Postal Service plans to offer an upfront 5 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 2023 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.*

3. Emerging and Advanced Technology Promotion  
(May 1 – November 30, 2023)

The Postal Service plans to offer an upfront 3 or 4 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

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<sup>16</sup> Notice at 29-30. Key differences include that the former Mobile Shopping Promotion has been consolidated into the Emerging and Advanced Technology Promotion; the Emerging and Advanced Technology Promotion has been extended from 6 to 7 months; and the discount amount has been increased for the Emerging and Advanced Technology Promotion; Personalized Color Transpromo Promotion; and the Tactile, Sensory, and Interactive Mailpiece Engagement Promotion. *Id.*

into their mail pieces.” *Id.* To qualify for the 3 percent discount, “eligible technologies include Mobile Shopping, Enhanced Augmented Reality (AR), and Basic Integration with Voice Assistant.” *Id.* Technologies eligible for the 4 percent discount “include Video in Print, NFC, Virtual Reality (VR)/Mixed Reality (MR), and Advanced Integration with Voice Assistant.” *Id.*

4. Personalized Color Transpromo Promotion  
(February 1 – July 31, 2023)

The Postal Service plans to offer an upfront 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 to foster a better connection and response from their customers” and “to invest in color print technology.” *Id.* at 32-33. A 3 percent postage discount would be available “to mailers who use dynamic and variable color print for personalized, transpromotional marketing messages on their bills and statements that do[] not include Courtesy Reply Mail or Business Reply Mail.” *Id.* at 33. A 4 percent postage discount would be available if Courtesy Reply Mail or Business Reply Mail is included. *Id.* For mailers that participated in this promotion in a prior year, the mailpiece must incorporate both dynamically printed color and personalized messaging to qualify for the CY 2023 promotion unless it meets specific exceptions. *Id.* Attachment A at 17. Mailers that did not participate in this promotion in a prior year need only satisfy the dynamic color printing requirement to qualify for the CY 2023 promotion. *Id.*

5. Reply Mail IMbA Promotion  
(July 1 – December 31, 2023)

The Postal Service plans to offer a 3 or 6 percent discount on First-Class Mail presort and automation letters that meet the Reply Mail IMbA Promotion requirements. Notice at 32. To receive a 3 percent discount, mailpieces must use static IMbA on

qualifying postage; to receive a 6 percent discount, mailpieces must use serialized IMbA. *Id.* Mailers must enroll to participate. *Id.*

6. Retargeting Mail Promotion  
(September 1 – November 30, 2023)

The Postal Service plans to offer a 5 percent postage discount on First-Class Mail automation postcards that meet the Retargeting Promotion requirements. *Id.* Qualifying postcards are those “mailed in connection with website or app behavior during the established program period” and “[m]ailers must be preapproved prior to participation.” *Id.*

7. Informed Delivery Promotion  
(August 1 – December 31, 2023)

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.* In addition, the Postal Service plans to add a 0.5 percent incentive for the mail preparer. *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 16. NAPM supports the proposed promotions and commends the Postal Service for continuing to offer them, stating they help retain and grow volume, support new technologies and mailpiece designs that increase response rates, improve the value of the mail, and allow for new forms of customer engagement. NAPM Comments at

11-12. In particular, NAPM commends the development of an incentive for the mail preparer as part of the Informed Delivery Promotion, which it asserts recognizes the financial risk taken by mail preparers in supporting promotions. *Id.* at 11. NAPM encourages the Postal Service to develop additional promotions and to improve reporting and access to more specific customer data for mailers about promotions failures when mail is commingled. *Id.* at 12.

NPPC also commends the Postal Service for continuing to offer promotions, for adding the mail preparer incentive to the Informed Delivery Promotion, and for offering the new Retargeting Mail and Reply Mail IMbA Promotions. NPPC Comments at 11. NPPC also supports the increased promotional discounts and lengthening of promotional periods. *Id.* However, NPPC also raises several potential obstacles to mailer participation in the CY 2023 promotions. First, NPPC notes that the Postal Service did not continue the Earned Value Reply Mail and Mobile Shopping Promotions in their current forms and further notes that the changes may be problematic for some mailers. *Id.* at 12. Second, NPPC states that it is critical that the Postal Service provide timely advance information about promotions, including the technical requirements for participation. *Id.* NPPC notes that two promotions are scheduled to start on February 1, 2023, and “the current lack of details will make it very challenging for mailers to participate from the outset.” *Id.* Third, NPPC asserts that changes to the Personalized Color Transpromo Promotion may make it difficult for some mailers to continue to participate because it appears some mailers will need to run separate productions for billing notices that contain reply envelopes and those that do not, which takes additional time and adds costs. *Id.* at 12-13. NPPC requests that the Postal Service explore with mailers how this could be overcome. *Id.* at 13.

In addition, NPPC suggests that the Postal Service should consider using promotions “more aggressively not only for volume purposes but also to reduce costs.” *Id.* NPPC notes that promotions that spur volume are temporary, while incentives that

reduce costs are generally permanent “to the substantial and ongoing mutual benefit of both the Postal Service and its customers.” *Id.* NPPC suggests that the Postal Service should consider converting some promotions to permanent incentives and should also consider offering new promotions designed to encourage cost reductions. *Id.*

## 9. Commission Analysis

The Commission approves all CY 2023 promotions as proposed.<sup>17</sup> In addition, the Commission approves the Postal Service's proposed changes to the MCS to reflect the CY 2023 promotions. The applicable changes to the MCS are reflected in the Attachment to this Order. The Commission encourages the Postal Service to engage in dialogue with its stakeholders regarding the potential to develop additional promotions and incentives in the future and ways to ease mailer issues and concerns regarding the current promotions (e.g., providing the information and data and working to resolve the issues raised by NAPM and NPPC). See NAPM Comments at 12; NPPC Comments at 12-13.

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<sup>17</sup> The Commission notes that, as in recent years, the Personalized Color Transpromo Promotion has differing requirements for prior year and new participants. Notice, Attachment A at 17. 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); 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, July 19, 2021, at 16 n.23 (Order No. 5937). Those issues remain pending before the Commission. See Docket No. RM2020-5, Notice of Proposed Rulemaking to Amend Rules Regarding Rate Incentives for Market Dominant Products, November 14, 2022 (Order No. 6325).

## B. Comments Generally Addressing the Planned Price Adjustments

### 1. Introduction

Multiple commenters raise objections and make comments addressing the Postal Service's planned price adjustments overall or the underlying regulations more generally, rather than targeting comments toward a specific class, product, or rate cell.<sup>18</sup> In this section, the Commission summarizes and addresses those comments by topic. Topics addressed in this section include the magnitude and effects of price adjustments; the application of the rules in 39 C.F.R. part 3030, subpart J; the frequency of price adjustment proceedings; the notice requirements for price adjustments; and pricing incentives. 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. Magnitude and Effects of Price Adjustments

*Comments.* NPPC states that the proposed price increases demonstrate that there is no meaningful constraint on the Postal Service's ability to raise prices. NPPC Comments at 2. Using First-Class Mail as an example, NPPC states that "First-Class mailers are facing a compounded rate increase of 11 percent in 6 months" despite the fact that the class "easily covers its attributable costs." *Id.* In addition to the price increases, NPPC notes that "First-Class and other market-dominant mailers have now experienced a full year of deliberately slowed service ... and continue to suffer, as they

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<sup>18</sup> Each of the Market Dominant classes consists of multiple products. The term product "means a postal service with a distinct cost or market characteristic for which a rate or rates are, or may reasonably be, applied." 39 U.S.C. § 102(6). Within each product, there may be multiple rate cells, which refer to each price. Where helpful, this Order also refers to categories, which refer to groups of rate cells, either within a single product or multiple products. By way of example, Periodicals (class) consists of two products (In-County and Outside County). The Outside County product has more than 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-R2023-1-3, Excel file "PRC-CAPCALC-PER-R2023-1.xlsx."

have for seven years, from service that failed—for every single First-Class Mail product—to meet the Postal Service’s self-imposed targets, much less the published standards.” *Id.* at 3. NPPC asserts that “[t]he Commission must remain vigilant to protect against excessive rates, shifting uncompensated costs to mailers, or service reductions, all of which are factors in bottom line costs businesses consider in their postal budgeting and decisions on continued use.” *Id.* at 3 n.4. NPPC notes that “[w]hen rate increases eat into set budgets, the most natural and likely response is to reduce mail” and states that “[t]he Postal Service’s consistent loss of First-Class volume is consistent with that.” *Id.* at 4.

NPPC also criticizes the Postal Service’s failure to provide an explanation of its pricing strategy, why the rate increases are necessary at this time, how they may be used to improve Market Dominant mail, and how pricing may encourage increased use of the mail. *Id.* at 4-5. NPPC acknowledges that this information is not required by statute or regulation but asserts that the Commission should consider requiring such an explanation because “such a discussion would help mailers, particularly business mailers that regularly must decide whether to make substantial investments in mailing equipment, software, and related services, understand the Postal Service’s plans.” *Id.* at 5.

NPPC states that it appears the Postal Service’s approach to price adjustments is to optimize revenue and contribution. *Id.* at 5-6. NPPC is concerned that the Postal Service has focused on “optimizing” and not on ensuring price increases are “judicious.” *Id.* at 6. NPPC states that the Commission’s expectations in Order No. 5763 that the Postal Service would not raise rates too sharply and that there are “sufficient controls” to protect against the Postal Service pricing aggressively have not been met. *Id.* (citing Order No. 5763 at 314, 346, 347 n.446). As a result, NPPC asserts that “[t]hose purported controls are failing to protect mailers from the Postal Service’s market power.” *Id.* It further asserts that the Commission should take steps now before irreversible



volume declines occur. *Id.* at 6-7. NPPC urges the Commission to grant current petitions before it in Docket Nos. RM2022-5 and RM2022-6, which request reviews of the current Market Dominant ratemaking system, “without further delay.” *Id.* at 7.

PostCom states that the proposed price adjustment in this proceeding is the third in 18 months, and that price adjustments are now occurring at a “frequency and magnitude” that “is unprecedented and is being carried out without any apparent effort to understand the impact that such changes will have on mail volume.” PostCom Comments at 1. PostCom expresses concern that the Postal Service proposed price adjustments in the current proceeding without having “compiled a single fiscal quarter worth of data on the impact of the most recent price change” and asserts that “[i]mplementing unprecedented change in the complete absence of empirical data is an inherently risky behavior.” *Id.* at 1-2. PostCom asserts that “[b]ecause the Postal Service is a government monopoly, the cost of egregiously risky behavior is ultimately borne by ratepayers and/or taxpayers.” *Id.* at 2. PostCom claims that because the Commission increased the overall amount of rate authority available to the Postal Service in Order No. 5763, “the incentive for the Postal Service to maximize the value of its monopoly while simultaneously exposing the customers of the Postal Service to unnecessary risk” is amplified. *Id.* PostCom is concerned that the effects of rate increases “will compound and cause irreversible harm to the postal industry and the Postal Service[,]” which will be identified “too late to reverse course.” *Id.* at 6. PostCom notes it has separately requested that the Commission revisit Order No. 5763 and that the current proceeding “is further evidence of why reconsideration is necessary and should be taken up immediately by the Commission.” *Id.* at 2.

Vince Stitzel asserts that the proposed price increases are “totally unacceptable” and that “[t]he American public cannot be expected to subsidize a failing [Postal Service],” which has been caused by “poor leadership and fiscal responsibility.” Stitzel Comments at 1. He states that price increases for postage over the past 40 years have

increased substantially beyond the cost of living, and as a result, “[s]omeone needs to ensure the [Postal Service] is held accountable,” particularly as electronic communication expands. *Id.*

*Commission analysis.* In Docket No. RM2017-3, the Commission reviewed the initial ratemaking system put in place by the Postal Accountability and Enhancement Act (PAEA) to determine if the system was achieving the objectives of 39 U.S.C. § 3622(b), taking into account the factors of 39 U.S.C. § 3622(c).<sup>19</sup> Objective 5 provides that the ratemaking system is to “assure adequate revenues, including retained earnings, to maintain financial stability.” *Id.* § 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.<sup>20</sup> Over time, the accumulation of net losses resulted in accumulated deficits, which prevented the Postal Service from being able to achieve retained earnings. Order No. 4257 at 169-71. 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 172-75.

In light of these findings, the Commission found that modifications to the initial ratemaking system were necessary to achieve the PAEA’s statutory objectives, including Objective 5. 39 U.S.C. § 3622(d)(3); Order No. 5763 at 285-86, 333-48.

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<sup>19</sup> 39 U.S.C. § 3622(d)(3). See Postal Accountability and Enhancement Act, Pub. L. 109-435, 120 Stat. 3198 (2006).

<sup>20</sup> Docket No. RM2017-3, Order on the Findings and Determination of the 39 U.S.C. § 3622 Review, December 1, 2017, at 165-69, 247-49 (Order No. 4257).

Those modifications include additional forms of rate authority that, while not a factor in this proceeding, have contributed to the magnitude of other recent price increases referenced by the commenters. 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. In reviewing the Commission's decision, the Court of Appeals for the D.C. Circuit concluded "the Commission articulated a rational connection between the statutory objectives and the decision it made" and that petitioners "offer[ed] no basis for the court to conclude that the Commission's decision was arbitrary and capricious in meeting the statutory objectives."<sup>21</sup>

NPPC and PostCom imply that the Postal Service's decision to use nearly all of its rate adjustment authority and the resulting amount of the increases run counter to the Commission's expectations in Docket No. RM2017-3 and represent unreasonably monopolistic behavior. See NPPC Comments at 5-7; PostCom Comments at 2. However, the Commission found that giving the Postal Service the means to raise prices by amounts greater than previously permitted was necessary for the achievement of financial stability, and the Commission targeted the new forms of rate authority to address discrete sources of costs over which the Postal Service does not have direct control.

It is also important to note that the commenters' arguments about the level of recent price adjustments largely are targeted at price adjustments that were noticed and approved in Docket Nos. R2021-2 and R2022-1 and, therefore, are outside the scope of this proceeding. Nearly all of the rate authority available to the Postal Service in this proceeding (*i.e.*, 4.200 percent for each class) is a result of the increase in inflation, would have been available to the Postal Service under the initial ratemaking system, and was not altered in Docket No. RM2017-3. 39 U.S.C. § 3622(d)(1)(A); 39 C.F.R.

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<sup>21</sup> *Nat'l Postal Pol'y Council v. Postal Regul. Comm'n*, 17 F.4th 1184, 1195 (D.C. Cir. 2021), *cert. denied*, No. 21-1124 (U.S. June 27, 2022).

part 3030, subpart C. In addition, the other form of rate authority available in this proceeding (*i.e.*, the banked rate adjustment authority available to some classes pursuant to 39 C.F.R. part 3030, subpart H) was also previously available.<sup>22</sup>

In Docket No. RM2017-3, the Commission emphasized that the Postal Service Governors, not the Commission, set the rates for postal services and are “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. Although the Postal Service can elect not to use all of its available rate authority and is expected to use its business judgment in setting prices and pricing strategies, the Postal Service’s election to use nearly all of its rate adjustment authority in this proceeding (and previous ones) is within the scope of the Postal Service’s price-setting discretion. It is not inconsistent with the expectations the Commission described in Order No. 5763 for the Governors to determine, in their

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<sup>22</sup> 39 U.S.C. § 3622(d)(2)(C); 39 C.F.R. part 3030, subpart H. The Commission notes that these commenters generally supported maintaining these forms of rate authority in Docket No. RM2017-3. See, e.g., Docket No. RM2017-3, Comments of the Major Mailers Association, the National Association of Presort Mailers, and the National Postal Policy Council, March 20, 2017; Docket No. RM2017-3, Comments of the National Postal Policy Council, the Major Mailers Association, and the National Association of Presort Mailers, March 1, 2018; Docket No. RM2017-3, Comments of the National Postal Policy Council, the Major Mailers Association, the National Association of Presort Mailers, and the Association for Mail Electronic Enhancement, February 3, 2020; Docket No. RM2017-3, Comments of Alliance of Nonprofit Mailers, Association for Postal Commerce, and MPA—The Association of Magazine Media, March 20, 2017; Docket No. RM2017-3, Comments of Alliance of Nonprofit Mailers, American Catalog Mailers Association, Inc., Association for Postal Commerce, IdeaAlliance and MPA—The Association of Magazine Media, March 1, 2018; Docket No. RM2017-3, Comments of the Alliance of Nonprofit Mailers, the Association for Postal Commerce, MPA—The Association of Magazine Media, the American Catalog Mailers Association, the Direct Marketing Association of Washington, the Nonprofit Alliance, the Envelope Manufacturers Association, the Saturation Mailers Coalition, and the Continuity Shippers Association, February 3, 2020.

business judgment, that use of nearly all available rate authority is the best utilization of that authority at this time.

NPPC points out that the Commission noted in Order No. 5763 that the Postal Service indicated that it would be “attentive to not allowing rates to increase too sharply, notwithstanding its market power” and that the Commission found “the Postal Service has sufficient controls concerning the exercise of reasonable business judgment” and argues that “[t]hose purported controls are failing to protect mailers.” NPPC Comments at 6; Order No. 5763 at 314, 347. Vince Stitzel similarly raises concerns about accountability in light of the proposed price increases. Stitzel Comments at 1. With regard to these concerns, the Commission notes that in Order No. 5763, it identified the Commission, Congress, the U.S. Government Accountability Office, and the Postal Service Office of Inspector General as bodies with oversight authority “to hold the Postal Service accountable for its financial and operational performance.” Order No. 5763 at 347 n.446. Although NPPC appears to take issue with the level at which these bodies have acted to constrain the Postal Service’s recent price increases, that does not diminish the fact that several outside bodies retain oversight authority over the Postal Service’s exercise of business judgment. See NPPC Comments at 6.

NPPC also suggests the Commission should take steps to protect mailers from price increases. See *id.* As a preliminary matter, the Commission notes that there is no basis to find that the Postal Service should not or cannot use the full scope of the rate authority granted to it. The Commission’s review in this proceeding is limited to whether the planned price adjustments comply with applicable law. 39 C.F.R. § 3030.126(b). 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. *Id.* Nothing in the regulations or other applicable law limits the Postal Service from using the rate authority available to it. NPPC and PostCom also urge the Commission to

grant pending petitions for review of the Market Dominant ratemaking system in Docket Nos. RM2022-5 and RM2022-6. NPPC Comments at 6-7; PostCom Comments at 2. The Commission notes that those petitions and a future decision to revisit the Market Dominant ratemaking system are outside the scope of this proceeding. The Commission has stated it will review the Market Dominant ratemaking system 5 years following the implementation of the system put in place in Order No. 5763. Order No. 5763 at 267. The petitions requesting earlier review remain pending before the Commission.

With regard to NPPC's concerns about slowed service standards and service failures, the Commission finds that changes to service standards and the Postal Service's service performance are beyond the scope of this proceeding. See NPPC Comments at 3. As stated above, the Commission reviews the planned price adjustments for consistency with applicable law, which "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." 39 C.F.R. § 3030.126(b). Further, the Commission notes that there are multiple other proceedings in which the Commission addresses service-related issues and in which NPPC and other interested parties can submit concerns on such issues. For example, the Commission reviews the Postal Service's service performance annually as part of the ACD. See, e.g., FY 2021 ACD at 104-201. 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 is one such case, proposing changes to Critical Entry Times for certain Periodicals, currently pending before the Commission in Docket No. N2022-2, following three other cases proposing changes to service standards that

were open during 2021 and 2022.<sup>23</sup> Those proceedings are more appropriate forums for stakeholders to raise concerns about service standards and service performance.

With regard to NPPC's concern that the Postal Service has not adequately explained its pricing strategy and its plans for the revenue, the Commission notes such explanation is not required, which NPPC also concedes, and the Commission declines to require one at this time. NPPC Comments at 4-5; 39 C.F.R. §§ 3030.122 and 3030.123. The Commission continues to encourage the Postal Service to communicate its pricing strategies to mailers and stakeholders so they have more insight into the reasoning behind the Postal Service's pricing decisions and are able to better understand how the Postal Service intends to use the revenue it collects.

With regard to assertions that volumes will decrease and irreversible harm to the postal industry will occur due to the price increases, the Commission also discussed commenter concerns that price increases would exacerbate declining mail volumes in Docket No. RM2017-3. See NPPC Comments at 4, 6-7; PostCom Comments at 1, 6. As stated above, in Order No. 5763, the Commission found that the Governors of the Postal Service, not the Commission, set the rates for postal products and services and are "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 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 a price increase is expected to be less, in proportional terms, than the amount of the relevant price increase. See *id.* However, the Commission also

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<sup>23</sup> See Docket No. N2022-2, Notice and Order on the Postal Service's Request for An Advisory Opinion on Changes in the Nature of Postal Services, September 6, 2022 (Order No. 6268); Docket No. N2022-1, Advisory Opinion on the Service Standard Changes Associated with Retail Ground and Parcel Select Ground, June 9, 2022; Docket No. N2021-2, Advisory Opinion on the Service Standard Changes Associated with First-Class Package Service, September 29, 2021; Docket No. N2021-1, Advisory Opinion on Service Changes Associated with First-Class Mail and Periodicals, July 20, 2021.

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. On appeal, the Court of Appeals for the D.C. Circuit noted the Commission's responses to comments and held that it was not irrational for the Commission to reject the argument that price increases enabled by additional rate authority would accelerate volume loss and that a disagreement over price elasticities "is insufficient to invalidate the Commission's order, as [the] court defers to the Commission's reasonable economic assumptions and predictions." *Nat'l Postal Pol'y Council*, 17 F.4th at 1195.

The Commission notes that the commenters' concerns that mail volumes will permanently decline and the industry will be irreparably harmed by increased prices are consistent with those raised by commenters in Docket No. RM2017-3, which the Commission addressed in Order No. 5763. Order No. 5763 at 81-84, 268-70. The assertions in this proceeding do not reflect different alleged harms than those considered in Docket No. RM2017-3, and the commenters do not provide evidence that effects outside the expected range have occurred or will imminently occur.

Finally, with respect to PostCom's concern that the frequency of price adjustments does not allow for empirical data concerning the impact of a prior price change to be compiled before a new price adjustment proceeding is filed, the Commission notes that nothing in the statute or regulations dictates the frequency of price adjustments or the timing of when they are to occur. The statutory and regulatory provisions concerning the frequency of price adjustments are further discussed in Section IV.B.4., *infra*. However, given that the Postal Service has opted to propose price increases twice annually and that the modified Market Dominant ratemaking system has only been applied in three price adjustment proceedings, the Commission strongly encourages the Postal Service to review and analyze data concerning the effects of price increases as soon they become available and to make efforts to



expeditiously incorporate the lessons learned from the data in future price adjustment proposals.

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

*Comments.* Several commenters raise concerns about how workshare discounts are regulated pursuant to 39 C.F.R. part 3030, subpart J.<sup>24</sup>

Pitney Bowes acknowledges that 39 C.F.R. part 3030, subpart J is generally helping workshare discounts move toward and maintain efficient pricing levels. Pitney Bowes Comments at 1. However, Pitney Bowes asserts that the current proceeding “confirms that the new rules are too permissive” and that “[s]tronger regulation is necessary to ensure the Postal Service is maximizing incentives to promote efficiency.” *Id.* As an example, Pitney Bowes points to the First-Class Mail 5-Digit Automation Letters workshare discount, which it asserts “is the most important rate category for commercial mailers and is among the most profitable and efficient mail for the Postal Service.” *Id.* at 2. Pitney Bowes asserts that “[m]aximizing the incentives for this rate category would encourage more efficient mail preparation, reduce Postal Service costs, and improve the Postal Service’s financial stability[,]” while “fully reflect[ing] the value of the work performed [by mailers]” and “lower[ing] the effective price paid by commercial mailers.” *Id.* Notwithstanding this, Pitney Bowes asserts that the Postal Service’s decision to maintain a passthrough of 85.7 percent for this workshare discount “not only fails to optimize the discount, [but it also] perpetuates a discount set at the maximum level of pricing and operational inefficiency under the current rules.” *Id.* Pitney Bowes argues that the fact that the rules do not require the passthrough to be increased

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<sup>24</sup> See, e.g., Pitney Bowes Comments at 1-2; NPPC Comments at 7-11; PostCom Comments at 4. 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*.

because it exceeds 85 percent “underscores the need for further refinements to the rule.” *Id.* Pitney Bowes asserts that the multiple rate adjustments that have occurred under the new rules confirm that the rules must be strengthened to ensure further improvements in the efficient pricing of workshare discounts and states that “[t]he Commission should take the first opportunity to revisit and strengthen the workshare rules to address aspects of the current rules that permit chronic inefficiency” by tightening the passthrough bands and instituting “a requirement that passthroughs set below 100 percent cannot remain stagnant.” *Id.*

NPPC raises similar concerns. NPPC commends the Postal Service for moving some discounts toward 100 percent passthroughs but asserts that the Postal Service’s approach to other discounts “continues to suggest that stronger rules are necessary.” NPPC Comments at 7. NPPC explains that the workshare discounts for First-Class Mail “illustrate both good and not so good features of the new workshare discount regulations adopted in Order No. 5763.” *Id.* at 8. NPPC notes that all but one of the First-Class Mail workshare discounts have passthroughs of at least 85 percent, an improvement over the past, and two discounts are improved over the discounts set in Docket No. R2022-1. *Id.*

NPPC also notes that most of the First-Class Mail workshare discounts are proposed to remain unchanged from those proposed in Docket No. R2022-1. *Id.* NPPC states that in the case of workshare discounts with 100 percent passthroughs, this is an “optimally efficient” result; however, for workshare discounts with passthroughs below 100 percent, NPPC asserts that they are permitted by the rules to be “kept at sub-optimal levels” if the proposed passthrough is at least 85 percent. *Id.* at 8-9. NPPC points to three First-Class Mail workshare discounts it believes are representative of issues with the underlying regulations. *Id.* at 9. First, NPPC asserts that the 5-Digit Automation Letter discount is “[t]he single most important of the sub-optimal discounts” because it “provides the largest volume and the greatest revenue of any First-Class Mail

rate category.” *Id.* NPPC asserts that the Postal Service “repeatedly has been unwilling to set that rate equal to avoided costs” and “prefers to anchor it to the minimum 85 percent passthrough.” *Id.* Second, NPPC points to the Mixed ADC Automation and ADC Automation Flats workshare discounts. *Id.* NPPC asserts that “[t]his is the second consecutive rate filing in which the Postal Service missed an opportunity to promote more efficient mail preparation for First-Class Mail Flats” by setting the passthroughs for these workshare discounts “barely above 85 percent.” *Id.* NPPC asserts that “[g]iven the Postal Service’s chronic inability to control flats costs, and that First-Class Flats are considered a non-compensatory product, those discounts should have been set ... much closer to 100 percent.” *Id.*

NPPC suggests three changes to the rules that would address these issues: (1) passthroughs that are at least 85 percent, but less than 100 percent, should not be permitted to remain unchanged; (2) discounts with passthroughs below 85 percent should be required to be increased by more than 20 percent since “it can take years to move an inefficient discount to even the 85 percent level at that pace;” and (3) passthroughs of 100 percent should be required for workshare discounts for non-compensatory products “to force more efficient operations and reduce Postal Service costs.” *Id.* at 10. In addition, NPPC asserts that the Commission should set a passthrough floor for new workshare discounts. *Id.* Pointing to the new USPS Marketing Mail workshare discounts proposed in this proceeding,<sup>25</sup> NPPC states the discounts have been permitted to be set so low that “[u]nder the current rule, decades could pass before these rates approach an efficient passthrough.” *Id.* at 10-11.

PostCom states that “the Postal Service once again has gamed the Commission’s passthrough boundaries, which has the effect of reducing efficiency.”

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<sup>25</sup> Those workshare discounts are discussed in further detail in Sections VI.D. and VI.E., *infra*.

PostCom Comments at 4. It asserts that “[t]he Commission should reconsider the passthrough bounds and utilize its authority to incentivize efficiency.” *Id.*

*Commission analysis.* As a preliminary matter, the Commission notes that its role in rate adjustment proceedings with regard to workshare discounts is to determine whether the planned workshare discounts are consistent with applicable law, which with regard to workshare discounts in this proceeding means compliance with 39 C.F.R. part 3030, subpart J as currently in effect. See 39 C.F.R. § 3030.126(b). As the Commission finds in this Order, all of the workshare discounts proposed in this proceeding comply with the requirements of 39 C.F.R. part 3030, subpart J.<sup>26</sup> As a result, the Commission has no basis for disallowing the workshare discounts proposed by the Postal Service in this proceeding.

Commenters suggest several changes to 39 C.F.R. part 3030, subpart J that would regulate workshare discounts more strictly and that they assert would resolve the issues they claim are currently arising due to the existing regulations.<sup>27</sup> In particular, the commenters suggest that 39 C.F.R. part 3030, subpart J be revised to: (1) increase the 85 percent passthrough exception in 39 C.F.R. § 3030.284(e); (2) require the Postal Service to consistently increase workshare discounts with passthroughs that exceed 85 percent but are less than 100 percent; (3) require that workshare discounts with passthroughs below 85 percent be increased by more than the 20 percent currently permitted by 39 C.F.R. § 3030.284(c); (4) require passthroughs of 100 percent for workshare discounts for non-compensatory products; and (5) set a passthrough floor for new workshare discounts. *Id.*

The Commission notes that the suggestions raised by the commenters would necessitate a rulemaking proceeding and revisions to 39 C.F.R. part 3030, subpart J.

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<sup>26</sup> See Sections V.D., VI.D., VII.D., and VIII.D., *infra*.

<sup>27</sup> See Pitney Bowes Comments at 1-2; NPPC Comments at 10-11; PostCom Comments at 4.

This rate adjustment proceeding is not the appropriate forum to also consider proposed revisions to the Code of Federal Regulations since the Commission's review is limited to the regulations currently in effect and is a time-limited inquiry.

As it has in other recent proceedings suggesting changes to 39 C.F.R. part 3030, subpart J, the Commission finds that review of its 39 C.F.R. part 3030, subpart J regulations is premature.<sup>28</sup> This is only the third rate adjustment proceeding conducted in accordance with the new regulations and only the third time that the regulations imposing pricing requirements on below-avoided-cost workshare discounts have been applied. Furthermore, the regulations of 39 C.F.R. part 3030, subpart J have been in effect for less than 2 years. The Commission determined in Docket No. RM2017-3 that 5 years was the appropriate period for review of the Commission's regulations because "[a] thorough and insightful review must provide more than two rate cycles as data points." Order No. 5763 at 267. The Commission further stated that "[a]n abbreviated review period would not provide the Commission with sufficient data to evaluate the final rules in operation, account for outlying data, and determine the impact on mailers." *Id.* Thus, the Commission declines to open a rulemaking proceeding to review 39 C.F.R. part 3030, subpart J at this time.

#### 4. Frequency of Price Adjustment Proceedings

*Comments.* NAPM is opposed to the Postal Service changing prices for Market Dominant products twice per calendar year. NAPM Comments at 12. It urges the Postal Service "to explore other options to achieve its revenue goals, working collaboratively with the mailing industry to develop a better solution." *Id.* NAPM asserts that multiple price changes in a calendar year "tie up IT and other resources both for the [Postal Service] and for the mailing industry" and "represent a significant expense for both the [Postal Service] and industry to update software, systems, and make other

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<sup>28</sup> See, e.g., Order No. 6188 at 30-32, 33-35; Order No. 5937 at 60-61.

changes necessary to support a price change.” *Id.* at 12-13. NAPM encourages the Postal Service to move back to a price change cycle where both Market Dominant and Competitive price changes are implemented at the same time to reduce some of these cost and resource issues. *Id.* at 13. NAPM also cautions that each price adjustment causes mailers to reevaluate the cost effectiveness of the mail compared to other communications options, which can lead to volume reductions. *Id.*

NPPC notes that “nothing in the current system prohibits multiple rate changes in a single year” and “urges the Commission to consider whether there are actions it can take to discourage the Postal Service from filing multiple rate changes in a twelve-month period.” NPPC Comments at 4. NPPC states that “two substantial increases in six months imposes unwelcome burdens[,]” which it asserts include financial costs and “substantial compliance costs in adjusting to new mailing requirements, updating software, and the myriad of other obligations imposed on businesses” that use the Postal Service. *Id.* at 3-4. NPPC asserts that twice-a-year prices increases “double[] these difficulties, diverting postal budgets from actual mail to modifying software and other business processes.” *Id.* at 4.

*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). 39 C.F.R. § 3030.102 requires that the Postal Service file a schedule at least annually with the Commission that includes the estimated filing and implementation dates for future price adjustments for a minimum of the next 3 years as well as an explanation by class of the amounts of future scheduled price adjustments. 39 C.F.R. § 3030.102(a), (b). In addition to the annual filing requirement, the Postal Service is required to file a revised schedule whenever it deems it appropriate to change the schedule. *Id.* § 3030.102(c). The Postal Service filed its annual update to the schedule on January 11, 2022, stating that it intends to “implement price changes

for all Market Dominant classes in January and July ... with the filings occurring the preceding October and April.”<sup>29</sup> The Postal Service is currently in compliance with the requirements of 39 U.S.C. § 3622(d)(1)(B) and 39 C.F.R. § 3030.102. Nothing in the statute or regulations dictates the frequency of price adjustments or the timing of when they are to occur. Although there is no statutory or regulatory requirement for annual price adjustments, the Commission 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. Should the Postal Service decide to change the schedule, the Postal Service must file a revised schedule with the Commission as soon as practicable. See 39 C.F.R. § 3030.102(c).

#### 5. Notice Requirements for Price Adjustments

*Comments.* PostCom commends the Postal Service for publishing documentation necessary for software updates in tandem with the filing of the Postal Service’s Notice, noting that although the documentation contained a number of errors, the timeliness was an improvement over previous rate adjustments. PostCom Comments at 4. Nonetheless, PostCom asserts that the amount of time between notices of rate adjustments and implementation is “not adequate.” *Id.* In particular, PostCom states that if a price change includes structural changes in addition to price changes, the 90-day notice period required by 39 C.F.R. § 3030.121 “is not sufficient for software companies to make required changes without having to resort to heroic efforts and/or diverting resources from other priorities[,]” which “in turn impacts the clients of said companies who are left with severely limited time periods to test software prior to implementation.” *Id.* at 4-5. PostCom notes that in another context, the Postal Service

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<sup>29</sup> United States Postal Service Filing of Updated Schedule for Regular and Predictable Rate Adjustments, January 11, 2022, Schedule for Regular and Predictable Rate Adjustments – Effective through Calendar Year 2024, available at <https://www.prc.gov/docs/120/120673/Rate%20Change%20Schedule%20%28FY%202021%20ACR%29.pdf>.

has requested lead times from the Commission of 150 days and 3 fiscal quarters for compliance. *Id.* at 5. PostCom acknowledges that the situations are not analogous but asserts that the lead times requested by the Postal Service “reflect the challenges in marshalling and managing resources to implement new requirements requiring technological changes.” *Id.* PostCom urges the Postal Service to share planned structural changes at the time it begins implementation of internal changes to allow mailers to make adaptations earlier and suggests that the Commission “reconsider the required notice period which allows sufficient time to determine regulatory compliance, but that is insufficient for mailers who must implement complex changes.” *Id.*

NAPM commends the Postal Service for its interactions with industry to provide details and respond to questions concerning the price changes, which it asserts are “invaluable” in helping the Postal Service understand how its prices influence mailer behavior and helping mailers understand how the Postal Service develops prices. NAPM Comments at 12. However, NAPM voices concern about “the accuracy and timeliness of [the Postal Service’s] proposed (and final) price change information in the Notice 123 and files that it posts on its Postal Explorer website.” *Id.* NAPM notes that “[f]or the last few price changes, there have been numerous errors in the information when first posted, requiring corrections[,]” which take time to be corrected within the industry at large and necessitate the expenditure of resources to investigate the errors. *Id.*

*Commission analysis.* The Postal Service provided 90 days’ notice of the planned price adjustments as required by 39 C.F.R. § 3030.121(c). The Commission notes that the 90-day notice requirement is a new requirement of the modified ratemaking system. Order No. 5763 at 248-49. 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.<sup>30</sup>

The Commission notes that lengthening the notice period as PostCom suggests would necessitate a rulemaking proceeding and revisions to 39 C.F.R. § 3030.121, which is outside the scope of this price adjustment proceeding. See PostCom Comments at 4-5. In addition, the Commission finds that such a rulemaking proceeding would be premature at this time given that the 90-day notice period has been in effect for only three price adjustments and that the extent and pervasiveness of any issues with the notice period are unclear. However, given that the new 90-day notice period was intended in part to ensure mailers had adequate time to implement price adjustments, the Commission appreciates mailers raising the challenges they face in implementing the planned price adjustments. Should this be a pervasive issue, the Commission may find it appropriate to extend or alter the notice period when it undertakes its planned 5-year review. See Order No. 5763 at 267. In addition, the Commission strongly encourages the Postal Service to provide information concerning proposed price adjustments to mailers as early as possible and to take additional steps to ensure that such information is accurate when it is provided.

## 6. Pricing Incentives

*Comments.* NAPM commends the Postal Service for maintaining its Full-Service Intelligent Mail barcode (IMb) and Seamless Acceptance pricing incentives, which it asserts “help defray the costs for mailers to produce mail for the [Postal Service] in a manner that brings many benefits [to the Postal Service].” NAPM Comments at 9.

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<sup>30</sup> *Id.* at 249; Docket No. RM2017-3, Notice of Proposed Rulemaking for the System for Regulating Rates and Classes for Market Dominant Products, December 1, 2017, at 104 (Order No. 4258).

With regard to the Full-Service IMb incentive, NAPM notes that “there continue to be costs for mailers to participate in IMb Full-Service and those costs have grown significantly in the past few years with inflation and economic pressures.” *Id.* at 9-10. NAPM notes that these economic conditions “have increased the gap between the IMb Full-Service incentive and the cost of complying with the program.” *Id.* at 10. NAPM is concerned that this may cause some mailers to discontinue sending IMb Full-Service mail, which would cause a decline in the mail included in service performance measurement as well as affect other Postal Service initiatives like Informed Delivery. *Id.* NAPM recommends “that the Postal Service and the Commission closely monitor the volume of eligible mail utilizing IMb Full-Service and consider increasing the IMb Full-Service incentive to better defray the mailer costs of participation.” *Id.*

With regard to the Seamless Acceptance incentive, NAPM notes that “there is still significant volume of mail eligible for Seamless Acceptance that is not being mailed through Seamless, and that there has not been a significant increase in adoption over the past year.” *Id.* NAPM states that there are two primary reasons for the low adoption of Seamless Acceptance: “the current incentive is insufficient to cover [the] costs of participating in Seamless Acceptance, and the potential financial risks from undocumented pieces[,] which can require significant resources to investigate and document [and] represents additional cost.” *Id.* NAPM asserts that an increase in the incentive is needed to encourage additional participation and offset mailer costs, particularly in light of inflationary pressures on mailers, and urges “the Postal Service to seriously consider increasing the Seamless Acceptance incentive in order to drive further participation in the program.” *Id.* at 11.

*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 Commission encourages the Postal Service to consider the positive effects and importance of these incentives, overall participation levels, and the concerns raised by NAPM when exercising its pricing flexibility related to these incentives in future price adjustment proceedings. See NAPM Comments at 9-11.

## 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, 4.200 percent, which results in 0.001 percent remaining unused price adjustment authority.<sup>31</sup> Table V-1 shows the percentage price change for each First-Class Mail product as calculated by the Commission.

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<sup>31</sup> As shown in Table II-1, *supra*, the Postal Service has 4.201 percent in available pricing authority. Subtracting the 4.200 percent that the Postal Service is using in this proceeding from its available pricing authority results in 0.001 percent remaining as unused price adjustment authority. See Library Reference PRC-LR-R2023-1-1, Excel file "PRC\_CAPCALC-FCM-R2023-1.xlsx."

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

<b>First-Class Mail Product</b>	<b>Price Change %</b>
Single-Piece Letters/Postcards	5.046
Presorted Letters/Postcards	3.568
Flats	6.214
Outbound Single-Piece FCMI	3.694
Inbound Letter Post	6.131
<b>Overall</b>	<b>4.200</b>
Source: Library Reference PRC-LR-R2023-1-1, Excel file "PRC_CAPCALC-FCM-R2023-1.xlsx."	

## 2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. The Postal Service proposes to make two adjustments to the hybrid year billing determinants for First-Class Mail. *Id.* at 10. First, the Postal Service adjusts Nonautomation Presorted Letters and Round Trip Mailer volumes to account for the pricing structures approved in Docket Nos. R2021-2 and R2022-1.<sup>32</sup> Specifically, the Postal Service distributes Nonautomation Machinable Letters and Round Trip Mailer volumes between Mixed automated area distribution center (AADC) and AADC, and Nonmachinable Letters volumes between Mixed ADC, 3-Digit, and 5-Digit. Notice at 10. Second, the Postal Service converts Picture Permit's revenues to volumes as it has in prior proceedings. *Id.*

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<sup>32</sup> *Id.*; see Order No. 5937 at 80-82, Order No. 6188 at 56-59.

### 3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative, GCA, and PostCom state that the planned price adjustments comply with the requirements of the price cap.<sup>33</sup>

### 4. Commission Analysis

The Commission finds that 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 4.200 percent is less than the total available authority of 4.201 percent; therefore, the total unused price adjustment authority available for First-Class Mail after this proceeding is 0.001 percent. 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 2021, First-Class Mail Flats was the only First-Class Mail product that did not cover its attributable costs.<sup>34</sup> With a cost coverage of 98.93 percent, FY 2021 was the first time First-Class Mail Flats was non-compensatory. FY 2021 ACD at 44. In the FY 2021 ACD, the Commission directed "that the Postal Service increase First-Class Mail Flats' prices by at least 2 percentage points above the class average in each

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<sup>33</sup> PR Comments at 6; GCA Comments at 1; PostCom Comments at 1.

<sup>34</sup> FY 2021 ACD at 44. 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. See Order No. 5937 at 76 n.96; Order No. 6188 at 47 n.57.

Market Dominant rate adjustment affecting First-Class Mail through the issuance of the FY 2022 ACD” consistent with 39 C.F.R. § 3030.221. *Id.* at 49.

## 2. The Postal Service’s Position

The Postal Service proposes an overall price increase for First-Class Mail Flats of 6.2 percent, with an overall increase for Single-Piece Flats of 3.1 percent and for Presorted Flats of 11.2 percent. Notice at 8. The Postal Service states that these increases, combined with the above-average increases First-Class Mail Flats received in Docket Nos. R2021-2 and R2022-1, are “expected to allow Flats product revenue to exceed its cost, turning Flats into a compensatory product.” *Id.*

## 3. Comments

The Public Representative states the proposed increase for First-Class Mail Flats complies with the FY 2021 ACD and with 39 C.F.R. § 3030.221. PR Comments at 17. NAPM expresses concern about the price increases for First-Class Mail Flats. NAPM Comments at 4. In particular, NAPM asserts that whether First-Class Mail Flats becomes compensatory “is not a guarantee and is dependent on whether the [Postal Service] has successfully managed costs for the product.” *Id.* NAPM is concerned that the Postal Service may be taking insufficient measures to reduce costs for First-Class Mail Flats, which will cause the product to “continue to face price increases significantly above the average for the mail class, further driving volume out which in turn can harm the [Postal Service’s] productivity and cost management.” *Id.*

## 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.<sup>35</sup>

In this price adjustment, the Postal Service has proposed a price increase for the First-Class Mail Flats product of 6.214 percent, which is more than 2 percentage points above the First-Class Mail class average increase of 4.200 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 2021 ACD directive. See FY 2021 ACD at 49.

In response to NAPM's concerns that the Postal Service is taking insufficient measures to control costs for First-Class Mail Flats, as a preliminary matter, the Commission notes that its review in this proceeding is limited to determining whether the proposed prices for First-Class Mail Flats are consistent with applicable law, which, with regard to First-Class Mail Flats, means compliance with 39 C.F.R. § 3030.127(b) and 39 C.F.R. § 3030.221 as well as applicable Commission directives. 39 C.F.R. § 3030.126(b); NAPM Comments at 4. As the Commission stated above, the proposed price increase for First-Class Mail Flats complies with these requirements. Although cost control issues are outside the scope of the Commission's review in this proceeding, the Commission reviews unit cost trends and the Postal Service's plans for cost control improvement for non-compensatory products annually in the ACD. See, e.g., FY 2021 ACD at 44-49. In the FY 2021 ACD, the Commission stated that "the Postal Service must continue to explore and implement opportunities to further reduce the unit costs of flat-shaped mail products, including First-Class Mail Flats." *Id.* at 49. The Commission reiterates its expectation that the Postal Service take steps to reduce costs for First-Class Mail Flats and notes that it will review unit cost trends and the Postal Service's plans for cost control improvement in the FY 2022 ACD if First-Class Mail Flats continued to be non-compensatory in FY 2022.

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<sup>35</sup> 39 C.F.R. §§ 3030.127(b), .221. See FY 2021 ACD at 49.

## 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.

### 2. The Postal Service's Position

The Postal Service asserts that all First-Class Mail workshare discounts comply with 39 C.F.R. part 3030, subpart J. Notice at 9. The Postal Service states that nine First-Class Mail passthroughs are equal to 100 percent. *Id.* Of the remaining seven First-Class Mail workshare discounts, the Postal Service asserts six have passthroughs between 85 and 100 percent. *Id.* The Postal Service states that the remaining passthrough is below 85 percent but is being raised by more than 20 percent in satisfaction of 39 C.F.R. § 3030.284(c). *Id.*

### 3. Comments

The Public Representative states that the proposed workshare discounts comply with 39 C.F.R. part 3030, subpart J. PR Comments at 10. NAPM commends the Postal Service for the proposed workshare discounts with passthroughs set at or near 100 percent. NAPM Comments at 2. However, NAPM notes that there are several workshare discounts with passthroughs below 100 percent. *Id.*

Multiple commenters raise concerns about the Automation 5-Digit Letters workshare discount.<sup>36</sup> NPPC and Pitney Bowes emphasize the importance of the workshare discount and express concern that its passthrough is proposed to remain near 85 percent. NPPC Comments at 9-10; Pitney Bowes Comments at 2. NAPM acknowledges the discount is in compliance with 39 C.F.R. part 3030, subpart J, but

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<sup>36</sup> NAPM Comments at 2-3; Pitney Bowes Comments at 2; NPPC Comments at 9-10.



argues that the discount does “not fairly compensate mailers for the activities they must perform to qualify for the discount” or “the many other value-add activities NAPM members and other mailers perform that help reduce the Postal Service’s costs, keep businesses using the mail, and add value to the business customer’s mailing experience.” NAPM Comments at 2. It further argues that the discount is important to mailers, and that “[k]eeping the discount at the same amount effectively represents a decrease in the value of the discount due to high inflation and its impact on the value of a dollar.” *Id.* at 3. NAPM notes that avoided costs “have increased since 2019 by over 30 [percent] while the discount has increased only 24 [percent].” *Id.* NAPM expresses concern that the current and future economic environment will have a substantial impact on the mailing industry, emphasizes the value the mailing industry provides to the Postal Service, and urges the Commission and the Postal Service to consider the economic impacts and value added by mail service providers in moving workshare discount passthroughs closer to 100 percent. *Id.* at 3-4.

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.3, *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 states that of the 16 First-Class Mail workshare discounts, nine are set equal to avoided costs and seven are set below avoided costs. Notice at 9. The Postal Service asserts that the 7 workshare discounts set below avoided costs have been increased by at least 20 percent or are set to result in passthroughs of at least 85 percent. *Id.* 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 the seven First-Class Mail workshare discounts set below avoided costs are permitted under one of the exceptions in 39 C.F.R. § 3030.284.

The First-Class Mail workshare discounts comply with the requirements of 39 C.F.R. part 3030, subpart J. As a result, the Commission approves the First-Class Mail workshare discounts proposed in this proceeding. However, the Commission also encourages the Postal Service to use its pricing flexibility to ensure it sets discounts to incentivize desired mailer behavior and to work with mailers and consider their concerns as it plans future price adjustments. Regarding the First-Class Mail 5-Digit Automation Letters discount, the Commission encourages the Postal Service to take these concerns and the importance of this discount to its customers into account when it exercises its pricing flexibility in setting this discount in the future.

## E. Mail Classification Changes

### 1. Introduction

The classification changes for First-Class Mail pertaining to the proposed CY 2023 promotions are addressed in Section IV.A., *supra*. In addition to the promotions-related changes, the Postal Service proposes a minor correction to Part D of the MCS pursuant to 39 C.F.R. § 3040.190. Notice at 36.

### 2. The Postal Service's Position

Part D of the MCS contains the country price lists for international mail, which in turn contain the applicable country price groups for Outbound Single-Piece FCMI and various international Competitive products. In this proceeding, the Postal Service proposes a minor correction to the country list, specifically changing a country name from "Turkey" to "Turkiye." *Id.* The Postal Service states that the purpose of this change is "to improve the accuracy of the ... MCS ... in accordance with a formal request made through the Universal Postal Union via *International Bureau Circular 141*." *Id.* The Postal Service proposes this change take effect on January 22, 2023, consistent with the other changes proposed in this proceeding. *Id.*

The Postal Service proposes to make this change pursuant to 39 C.F.R. § 3040.190, rather than under any provision of 39 C.F.R. part 3030, and the Postal Service asserts that "[t]his notice of a minor classification change concerning a country name change satisfies the requirements set forth in 39 C.F.R. § 3040.190." *Id.* Specifically, the Postal Service states "the changes ... should result in the MCS more accurately representing the Postal Service's current offerings and should allow mailers to locate pertinent information more precisely." *Id.* at 36-37 (referencing 39 C.F.R. § 3040.190(a)). In accordance with 39 C.F.R. § 3040.190(b), the Postal Service states that it "is filing this notice no later than 15 days prior to the intended effective date." *Id.* at 37. The Postal Service also represents that "these changes merely make

revisions concerning one possible destination for certain products listed in the MCS without otherwise changing those products or the prices or price groups applicable to such products.” *Id.* (referencing 39 C.F.R. § 3040.190(c)). The Postal Service further represents that “[t]he proposed modifications do not significantly change the user experience for any product and there is no evidence that the proposed modifications will significantly impact competitors that offer a similar service.” *Id.*

### 3. Comments

The Public Representative states that the Postal Service’s planned mail classification change to Part D of the MCS complies with 39 C.F.R. § 3040.190. PR Comments at 21. No other commenter addresses this planned mail classification change.

### 4. Commission Analysis

As a preliminary matter, the Commission notes that the Postal Service has typically filed minor corrections to the MCS pursuant to 39 C.F.R. § 3040.190 as separate dockets.<sup>37</sup> Although that has been the most common practice, the Commission previously determined and reiterates in this proceeding that minor corrections to the MCS pursuant to 39 C.F.R. § 3040.190 may be included in rate adjustment proceedings as long as the Postal Service’s notice contains the information required by 39 C.F.R. § 3040.190.<sup>38</sup>

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<sup>37</sup> See, e.g., Docket No. MC2022-57, Order Approving Minor Corrections to the Mail Classification Schedule, June 22, 2022 (Order No. 6205); Docket No. MC2020-27, Order Approving Minor Classification Change, December 4, 2019 (Order No. 5331); Docket No. MC2020-7, Order Approving Minor Classification Changes, November 8, 2019 (Order No. 5297).

<sup>38</sup> See Docket No. R2017-1, Order on Price Adjustments for Special Services Products and Related Mail Classification Changes, December 15, 2016, at 10 (Order No. 3670).

Pursuant to 39 C.F.R. § 3040.192, the Commission approves the proposed change. In prior cases concerning minor corrections, the Commission has noted that “[t]he paramount consideration in determining whether a classification change is a material change or a minor one is ‘the degree to which the proposed alteration affects the characteristics of the product.’”<sup>39</sup> The Commission previously stated that “factors for determining whether a change is material include whether the proposed change would significantly alter the user experience for the product and whether it would significantly impact competitors offering a similar service.”<sup>40</sup>

The Commission finds that the Postal Service’s proposed change is not material and will not affect the characteristics of any products. Additionally, the proposed change does not significantly change the user experience for the product, and there is no evidence that it will impact competitors. The proposed change will more accurately represent the Postal Service’s current offerings, and the Postal Service complied with all relevant procedural requirements of 39 C.F.R. § 3040.190 by filing notice of the change more than 15 days before the intended effective date and including a copy of the proposed MCS change in legislative format. 39 C.F.R. § 3040.190(b), (c)(3). Thus, the Commission approves the Postal Service’s proposed change to Part D of the MCS.

## F. Other Comments Related to First-Class Mail

### 1. Introduction

Pitney Bowes and GCA raise concerns related to First-Class Mail that have not been addressed elsewhere in this section. Pitney Bowes Comments at 3; GCA Comments at 1-4.

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<sup>39</sup> See, e.g., Order No. 5331 at 3 (quoting Docket No. RM2015-6, Notice of Proposed Rulemaking on Changes and Corrections to the Mail Classification Schedule, November 14, 2014, at 9, 14 (Order No. 2250)).

<sup>40</sup> Order No. 5331 at 3. See Order No. 2250 at 10.

## 2. Comments

Pitney Bowes notes that the Postal Service proposes to maintain a 3-cent pricing differential between Stamped and Metered Letters in this proceeding. Pitney Bowes Comments at 3. Pitney Bowes asserts that a “substantial price differential between Stamped and Metered Letters benefits small and medium-sized businesses, the Postal Service, and commercial mailers” because a substantial differential incentivizes small and medium-sized businesses “to use the Postal Service’s mail and package products to help grow their business[es;]” reflects that “Metered Letters are a more secure and efficient postage payment channel[;]” and “helps lower the effective price for Presort Letters, benefitting commercial mailers and mitigating the impact of above-[consumer price index (CPI)] average price increases.” *Id.* Thus, “Pitney Bowes encourages the Postal Service to revisit and increase the price differential between Stamped and Metered Letters in its next rate adjustment.” *Id.*

GCA acknowledges that “the focus of this proceeding is likely to be compliance with the price cap,” but elects to raise concerns about recent increases in the non-machinable surcharge for Single-Piece Letters, which it asserts “could resurface in the upcoming annual compliance review and which will perhaps suggest to the Postal Service some beneficial ways in which to reorient the exercise of its pricing flexibility.” GCA Comments at 1. Specifically, GCA expresses concern that the non-machinable surcharge has doubled over the last several rate cycles. *Id.* It asserts that when the Commission reviews the surcharge, it should take several factors into consideration, including that the surcharge “bears most heavily on households and small businesses,” the overall price increases for Single-Piece Letters, the extent to which non-machinable pieces require manual processing, the concentrated effect of the surcharge on personal correspondence and the importance of the personal correspondence category of mail, and the fact that the non-machinable presorted price “is determined in the first instance by actual cost differences,” with GCA asserting that “attention to actual cost difference would be desirable for the chiefly affected Single-Piece category as well.” *Id.* at 2-4.

### 3. Commission Analysis

With respect to the concerns raised by commenters regarding specific prices, the Commission notes that pricing flexibility for the Postal Service is an important component of the Market Dominant ratemaking system and that the Market Dominant ratemaking system was specifically designed 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. *Id.* § 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. *Id.* at 315-16; see 39 U.S.C. § 3622(b)(4), (8). Thus, the Postal Service retains flexibility to vary proposed prices within classes and among products. The Commission's review is limited to ensuring 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, which the proposed price adjustments for First-Class Mail do, and no commenter alleges otherwise. 39 C.F.R. § 3030.126(b). As a result, the Commission has no basis, on the grounds raised in the comments, for determining that proposed First-Class Mail prices do not comply with applicable law. The Commission nonetheless encourages the Postal Service to work with mailers and consider the concerns they raise as it plans future price adjustments.

With respect to Pitney Bowes's suggestion that the Postal Service should increase the price differential between Stamped and Metered Letters because a larger differential has many positive effects, the Commission reiterates that such a decision is within the Postal Service's discretion and pricing flexibility. See Pitney Bowes Comments at 3. The Postal Service's ability to set such price differentials between price categories 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 consider the arguments raised by Pitney Bowes when setting these prices in the future.

With respect to GCA's comments concerning the non-machinable surcharge for Single-Piece Letters, the Commission reiterates its review in this proceeding is limited to reviewing the planned price adjustments for consistency with applicable law. GCA Comments at 1-4; 39 C.F.R. § 3030.126(b). GCA does not allege any issues of non-compliance with these requirements, and the factors that it asserts the Commission should consider are all outside the scope of what the Commission reviews in price adjustment proceedings. *See id.* The Commission also notes that GCA's comments largely focus on the effects of price increases approved in prior dockets, which also brings GCA's concerns outside the scope of this proceeding, as the non-machinable surcharge for Single-Piece Letters is proposed to increase by only 1 cent in this proceeding. *See* GCA Comments at 1. Should GCA want its concerns to be considered in another Commission proceeding, GCA should file comments in the applicable docket. *See id.*

## VI. USPS MARKETING MAIL

### A. Introduction

This section discusses the price adjustment authority, non-compensatory products,<sup>41</sup> workshare discounts, classification changes, statutory preferential rates, and

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<sup>41</sup> This section includes discussion regarding compliance with specific pricing directives and recommendations contained in the FY 2010, FY 2018, FY 2019, FY 2020, and FY 2021 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); Docket No. ACR2020, *Annual Compliance Determination*, March 29, 2021, at 41, 46, 50 (FY 2020 ACD); FY 2021 ACD at 61, 65, 69.



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) Every Door Direct Mail (EDDM)—Retail. The planned price increase for USPS Marketing Mail is, on average, 4.202 percent, which results in 0.003 percent remaining unused price adjustment authority.<sup>42</sup> Table VI-1 shows the percentage price change for each USPS Marketing Mail product as calculated by the Commission.

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<sup>42</sup> As shown in Table II-1, *supra*, the Postal Service has 4.205 percent in available pricing authority. Subtracting the 4.202 percent that the Postal Service is using in this proceeding from its available pricing authority results in 0.003 percent remaining as unused price adjustment authority. See Library Reference PRC-LR-R2023-1-2, Excel file “PRC-CAPCALC-MM-R2023-1.xlsx.”

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

<b>USPS Marketing Mail Product</b>	<b>Price Change %</b>
Letters	3.292
Flats	6.251
Parcels	20.493
High Density and Saturation Letters	6.180
High Density and Saturation Flats/Parcels	4.687
Carrier Route	6.209
EDDM—Retail	1.070
<b>Overall</b>	4.202
Source: Library Reference PRC-LR-R2023-1-2, Excel file “PRC-CAPCALC-MM-R2023-1.xlsx.”	

## 2. The Postal Service’s Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. The Postal Service proposes to make two adjustments to the hybrid year billing determinants for USPS Marketing Mail. *Id.* at 20. First, the Postal Service estimates the High Density, High Density Plus, EDDM, and Saturation flats volumes on Delivery Sort (*i.e.*, 5-Digit and 5-Digit Scheme) containers using the percentage numbers derived from the Marketing Mail Characteristics Study filed in Docket No. ACR2021 to account for the new and modified workshare discounts approved in Docket No. R2022-1. *Id.* at 12, 20; see Order No. 6188 at 73-75. Second, the Postal Service estimates the 3-Digit, 5-Digit, Carrier Route, High Density, High Density Plus, EDDM, and Saturation flats volumes on SCF pallets using the percentage numbers derived from the Marketing Mail Characteristics Study filed in Docket

No. ACR2021 to account for the new workshare discounts proposed in this proceeding. Notice at 12, 20. The new proposed workshare discounts are discussed in Section VI.E., *infra*.

### 3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative and PostCom state that the planned price adjustments comply with the requirements of the price cap. PR Comments at 7; PostCom Comments at 1.

### 4. Commission Analysis

The Commission finds that 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 4.203 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 0.002 percent. Notice at 5, 6. During the proceeding, an error was identified in the percentages used to estimate volumes for High Density, High Density Plus, Saturation, and EDDM Delivery Sort containers.<sup>43</sup> Specifically, the Postal Service initially mistakenly used hybrid year data rather than the intended fiscal year data. Response to CHIR No. 5, question 1.a. The Commission finds that using the fiscal year data is reasonable for the reasons the Postal Service explains in the Response to CHIR No. 5, question 1. Using the fiscal year data, the Commission calculates the Postal Service's planned price adjustment for USPS Marketing Mail to be 4.202 percent, which is less than the total available authority of 4.205 percent and results in total unused price adjustment authority available for

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<sup>43</sup> Response to CHIR No. 2, question 2.a. and Excel files "CAPCALC ChIR2 Q2\_4 R2023-1.xlsx" and "ChIR2 Q2 R2023-1.xlsx;" Response to CHIR No. 5, question 1.

USPS Marketing Mail after this proceeding of 0.003 percent. 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 2021, three USPS Marketing Mail products did not cover their attributable costs. FY 2021 ACD at 50. These products were USPS Marketing Mail Flats, Parcels, and Carrier Route, which had cost coverages of 60.3, 73.1, and 94.6 percent, respectively. *Id.* In the FY 2021 ACD, the Commission directed the Postal Service to increase prices for each of these products by at least 2 percentage points above the class average in future rate adjustments consistent with 39 C.F.R. § 3030.221. *Id.* at 61, 65, 69. These directives were consistent with the Commission's prior directives and recommendations in the FY 2018, FY 2019, and FY 2020 ACDs.<sup>44</sup>

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 2. The FY 2010 ACD directive, in turn, required the Postal Service to provide in future notices of Market Dominant price adjustments the following information with respect to the Flats product: a schedule of future above-CPI price increases; an explanation of how the proposed prices will move the cost coverage for Flats closer to 100 percent; and a statement estimating the effect that the proposed prices will have in reducing the subsidy of 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. 1, question 1.

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<sup>44</sup> See FY 2018 ACD at 70-72, 78; FY 2019 ACD at 43, 46, 52; FY 2020 ACD at 41, 46, 50.

## 2. The Postal Service's Position

The Postal Service acknowledges that it is required 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 11. The Postal Service states that it is raising prices for these products by 6.251, 20.493, and 6.209 percent, respectively. *Id.*

For the information required by the FY 2010 ACD directive, the Postal Service states “[i]t is not practical for the Postal Service to provide such a schedule.” Response to CHIR No. 1, question 1.a. The Postal Service asserts that “discretion to approve price adjustments rests with the Postal Service Governors, whose responsibility to adopt reasonable and equitable prices entails accounting for circumstances that may exist at the time of a price adjustment.” *Id.* The Postal Service states that it “is not in a position to predict future circumstances, let alone to set expectations about future price adjustments that have not yet been decided by the Governors.” *Id.* Thus, beyond committing to compliance with 39 C.F.R. § 3030.221, the Postal Service asserts that it is unable to comment further on future price adjustments. *Id.* The Postal Service states that future price increases that comply with 39 C.F.R. § 3030.221 are expected to “both move USPS Marketing Mail Flats cost coverage closer to 100 percent and reduce intra-class subsidies, as those expectations were the very rationale for the Commission’s adoption of that rule.” *Id.* question 1.b., c. The Postal Service notes that “[a]ny discretionary use of pricing authority by the Postal Service beyond what is required under [39 C.F.R.] § 3030.221 would go still farther toward fulfilling the Commission’s aims.” *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 2021 ACD and 39 C.F.R. § 3030.221. PR Comments at 17-18. 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.<sup>45</sup>

In this price adjustment, the Postal Service has proposed price increases for the USPS Marketing Mail Flats, Parcels, and Carrier Route products of 6.251 percent, 20.493 percent, and 6.209 percent, respectively, all of which are more than 2 percentage points above the USPS Marketing Mail class average increase of 4.202 percent. Notice at 11; Section VI.B., *supra*. This is consistent with the requirements of 39 C.F.R. § 3030.127(b) and 39 C.F.R. § 3030.221, as well as with the Commission's FY 2018, FY 2019, FY 2020, and FY 2021 ACD directives and recommendations.<sup>46</sup>

In future notices of Market Dominant price adjustments, the Postal Service must provide the information required by the FY 2010 ACD directive until such time that the Commission changes the requirement. The Commission reminds the Postal Service that compliance with Commission directives is part of the Commission's assessment as to whether planned rate adjustments are consistent with applicable law and can go into effect. 39 C.F.R. § 3030.126(b). Although there may be some limitations to the Postal Service's ability to precisely predict future price increases for the reasons the Postal Service explains, the Postal Service nonetheless has an obligation to comply with the

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<sup>45</sup> 39 C.F.R. §§ 3030.127(b), .221. See FY 2021 ACD at 61, 65, 69.

<sup>46</sup> See FY 2018 ACD at 70-72, 78; FY 2019 ACD at 43, 46, 52; FY 2020 ACD at 41, 46, 50; FY 2021 ACD at 61, 65, 69.

Commission's directive and provide the required information with future notices of price adjustment. See Response to CHIR No. 1, question 1.a. Further, the Postal Service has in the past presented a schedule of future price increases in its Annual Compliance Report.<sup>47</sup> The Commission also notes that it is not aware of, and the Postal Service does not identify, any limitations as to its ability to explain how the proposed prices will move USPS Marketing Mail Flats' cost coverage toward 100 percent and to estimate the effect the proposed prices will have in reducing the intra-class subsidy of USPS Marketing Mail Flats as required by the FY 2010 ACD directive. See Response to CHIR No. 1, question 1.b., c.

#### 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.

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

The Postal Service asserts that all USPS Marketing Mail workshare discounts comply with 39 C.F.R. part 3030, subpart J. Notice at 15-20. The Postal Service states that "[o]f [the] 56 passthroughs in [USPS] Marketing Mail, 30 passthroughs are equal to 100 percent." *Id.* at 15. The Postal Service proposes that all but 1 of the remaining 26 workshare discounts be set below avoided costs, with 14 of those workshare discounts having passthroughs of at least 85 percent. *Id.* The Notice provides more detail about the 12 workshare discounts with proposed passthroughs that fall outside of the 85 to 100 percent range. *Id.* at 15-20. Specifically, for the one workshare discount set above

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<sup>47</sup> Docket No. ACR2012, United States Postal Service *Annual Compliance Report*, December 28, 2012, at 19; Docket No. ACR2013, United States Postal Service *Annual Compliance Report*, December 27, 2013, at 20; Docket No. ACR2014, United States Postal Service *Annual Compliance Report*, December 29, 2014, at 20.

avoided costs, the Postal Service notes that the Commission previously granted a waiver pursuant to 39 C.F.R. § 3030.286 allowing this discount to be set above avoided costs. *Id.* at 17. For 6 of the workshare discounts with passthroughs below 85 percent, the Postal Service proposes to increase the workshare discounts by a minimum of 20 percent consistent with the exception in 39 C.F.R. § 3030.284(c). *Id.* at 15-19. In addition, for the 5 new workshare discounts for flat-shaped mailpieces on SCF pallets, the Postal Service justifies passthroughs ranging from 9.1 percent to 63.6 percent pursuant to the exception in 39 C.F.R. § 3030.284(b) because the workshare discounts are new. *Id.* at 16-20. The new workshare discounts for USPS Marketing Mail proposed in this proceeding are discussed in Section VI.E., *infra*.

### 3. Comments

The Public Representative states that the proposed workshare discounts comply with 39 C.F.R. part 3030, subpart J. PR Comments at 10-13. However, he expresses concern about the extent that three of the new workshare discounts for flat-shaped mailpieces on SCF pallets (*i.e.*, High Density flats, High Density Plus flats, and Saturation flats) are set below avoided costs. *Id.* at 12-13. He acknowledges that the discounts are permissible as new pursuant to 39 C.F.R. § 3030.284(b) but questions the rationale for setting the discounts so far below avoided costs given the low level of the discounts seems unlikely to influence mailer behavior. *Id.* He states that it could take several years to bring the discounts in line with avoided costs if the Postal Service only adjusts the discounts by the minimum amount permissible under the rules and encourages the Postal Service to exceed the minimum adjustments permissible in future rate adjustments. *Id.*

PostCom and NPPC also raise concerns about the levels at which the new SCF pallet workshare discounts are set. PostCom Comments at 4; NPPC Comments at 10-11. PostCom states that “[w]hile the Postal Service may be considered to be exercising caution, this may have the effect of limiting adoption of the new incentives with the



result of reducing overall efficiency.” PostCom Comments at 4. NPPC suggests a change to the regulations to address new workshare discounts, which is discussed in Section IV.B.3., *supra*. NPPC Comments at 10-11.

NAPM “commends the Postal Service for continuing to improve the workshare discount passthroughs for [USPS] Marketing Mail 5-Digit Automation Letters.” NAPM Comments at 5. However, NAPM states that it is concerned “with the price differential relationships within [USPS] Marketing Mail drop ship prices” as the difference between the discount levels is important to incentivizing mailers to drop ship further into the Postal Service’s network. *Id.* If the difference in the discounts is insufficient, then mailers may not opt to drop ship deeper in the Postal Service’s network. *Id.* at 5-6. NAPM points out several differentials that are proposed to decline in this proceeding, which it asserts “seem[s] contrary to what the [Postal Service] is trying to incent mailers to do.” *Id.* at 6. NAPM recommends that the Postal Service perform analysis of “changes in the relationships between prices to ensure that the mailer behavior [it is] attempting to incent is reflected.” *Id.*

#### 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.

The regulations also provide specific limitations on how workshare discounts that do not equal avoided costs can be set. The Postal Service states that of the 56 USPS

Marketing Mail workshare discounts, 30 are set equal to avoided costs and 25 are set below avoided costs. Notice at 15. The Postal Service asserts that the 25 workshare discounts set below avoided costs have been increased by at least 20 percent, are new, or are set to result in passthroughs of at least 85 percent. *Id.* at 15-20. 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 an exception listed in 39 C.F.R. § 3030.284(b)-(e) applies. 39 C.F.R. § 3030.284(a). 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). The Commission has confirmed that the 25 USPS Marketing Mail workshare discounts set below avoided costs are permitted under one of the exceptions in 39 C.F.R. § 3030.284.

The Postal Service also states that one workshare discount, for Carrier Route Flats dropshipped at the destination delivery unit (DDU), is proposed to exceed avoided costs. Notice at 17. The Postal Service asserts that this discount is permissible because the Postal Service received an advance waiver from the Commission in accordance with 39 C.F.R. § 3030.283(d). *Id.* In accordance with 39 C.F.R. § 3030.283, “[n]o proposal to adjust a rate may set a workshare discount that would exceed the cost avoided by the Postal Service for not providing the applicable service” unless an exception listed in 39 C.F.R. § 3030.283(b)-(e) applies. 39 C.F.R. § 3030.283(a). The exception in 39 C.F.R. § 3030.283(d) allows a workshare discount to exceed avoided costs if the Commission has granted a waiver in advance pursuant to 39 C.F.R. § 3030.286. *Id.* § 3030.283(d). In Docket No. RM2022-12, the Postal Service requested, and the Commission granted such a waiver for Carrier Route Flats

dropshipped at the DDU.<sup>48</sup> Thus, the Carrier Route Flats dropshipped at the DDU workshare discount is permitted to exceed avoided costs under the exception in 39 C.F.R. § 3030.283(d).

Regarding all workshare discounts, the Commission encourages the Postal Service to use its pricing flexibility to ensure it sets discounts to incentivize desired mailer behavior and to work with mailers and consider their concerns as it plans future price adjustments. To the extent analysis of changes in the relationships between prices and what mail behavior is incentivized by such changes is not conducted, the Commission supports NAPM's recommendation that the Postal Service undertake such analysis to inform the future setting of prices and workshare discounts. See NAPM Comments at 6. Regarding the new SCF pallet discounts, as the commenters acknowledge and the Commission finds, these workshare discounts comply with 39 C.F.R. § 3030.284(b), which allows workshare discounts to be set below avoided costs when they are new.<sup>49</sup> Nonetheless, the Commission encourages the Postal Service to move these workshare discounts closer to avoided costs as quickly as feasible in order to ensure that the new workshare discounts are effective in incentivizing mailers to engage in the new worksharing activity, which is expected to confer efficiency benefits on the Postal Service as the workshared mail avoids mail processing activity in upstream facilities. See Section VI.E., *infra*.

## E. Mail Classification Changes

### 1. Introduction

The classification changes for USPS Marketing Mail pertaining to the proposed CY 2023 promotions are addressed in Section IV.A., *supra*. In addition to the

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<sup>48</sup> Docket No. RM2022-12, Order Approving Postal Service Application for Waiver Under 39 C.F.R. § 3030.286, August 30, 2022 (Order No. 6261).

<sup>49</sup> 39 C.F.R. § 3030.284(b). See PR Comments at 12-13; NPPC Comments at 10-11.

promotions-related changes, the Postal Service proposes new workshare discounts for 3-Digit and 5-Digit Flats, Carrier Route flats, High Density flats, High Density Plus flats, and Saturation (including EDDM) flats on SCF pallets. Notice at 12; *id.* Attachment A at 46-47, 52, 57, 61, 70-71, 77. The Postal Service also proposes several minor changes to the MCS to improve its accuracy.<sup>50</sup>

## 2. The Postal Service's Position

With respect to the new workshare discounts for 3-Digit and 5-Digit Flats, Carrier Route flats, High Density flats, High Density Plus flats, and Saturation (including EDDM) flats on SCF pallets, the Postal Service explains that it is establishing these discounts “to enable the efficient flow of SCF pallets through the network.” Notice at 12. It states that “SCF palletization reduces mail processing costs and improves service times by eliminating bundle or tray handlings and sortation in facilities upstream from the destination SCF or [destination sectional center facility (DSCF)].” *Id.* The Postal Service states that these new discounts are similar to discounts previously approved by the Commission. *Id.* at 12-13. Specifically, the Postal Services notes that the Commission “favorably reviewed an analogous discount for Carrier Route pieces on 5-Digit pallets in 2015” and approved similar discounts for High Density flats, High Density Plus flats, and Saturation flats in Docket Nos. R2021-2 and R2022-1. *Id.* at 13 (footnote omitted).

The Postal Service states that the “new discounts will not adversely affect either the rates or the service levels of users of postal services who do not take advantage of

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<sup>50</sup> Notice, Attachment A at 46, 52, 57, 61, 71. In addition, the Postal Service proposes to change “Origin” to “DSCF” in two price tables (one for Letters and one for Flats). *Id.* at 66, 72. However, these price tables already use “DSCF” in the most recent version of the MCS posted on the Commission’s website and in the Attachment to Order No. 6188. See Postal Regulatory Commission, Mail Classification Schedule (MCS), October 3, 2021 (with revisions through October 31, 2022), §§ 1220.6, 1225.6, available at <http://www.prc.gov/mail-classification-schedule>; Order No. 6188, Attachment at 25-26. The Commission determines that no further changes are needed in this proceeding.

them” because “[t]he discounts are generally available” and for those mailers that do not take advantage of them, alternative rates still exist. *Id.* at 14-15.

### 3. Comments

NAPM supports the new workshare discounts and encourages the Postal Service to continue to explore new workshare discounts. NAPM Comments at 6. However, NAPM requests that the Postal Service “be more transparent in terms of what behavior it is attempting to drive” when creating new workshare discounts in order to help ensure that the Postal Service’s goals for new workshare discounts are achieved by incentivizing the desired behavior from mailers. *Id.* In the case of the new proposed workshare discounts, NAPM questions why the Postal Service does not extend the discount to ADC Flats in addition to 3-Digit and 5-Digit Flats on SCF pallets. *Id.* It asserts that allowing this would give the Postal Service the same benefits as the other mail getting the SCF pallet discounts, and to do otherwise “may drive different mail preparation behaviors that result in increased costs for the [Postal Service].” *Id.* at 7.

### 4. Commission Analysis

The Commission accepts the proposed changes to the MCS with respect to the new workshare discounts for 3-Digit and 5-Digit Flats, Carrier Route flats, High Density flats, High Density Plus flats, and Saturation (including EDDM) flats on SCF pallets. The Commission finds that these new discounts will encourage efficiency by providing lower prices for mailpieces on SCF pallets, which require less processing than other Flats, High Density Plus, Saturation, Carrier Route, and High Density mailpieces because they are able to avoid mail processing activity in upstream facilities.

The Commission supports NAPM’s suggestion that the Postal Service provide more information about the type of mailer behavior it is trying to incentivize when proposing new workshare discounts and encourages the Postal Service to provide such information in future filings. See NAPM Comments at 6-7. With respect to NAPM’s

specific concern that ADC Flats are excluded from the discount, the Commission notes that the Postal Service has the flexibility under the law to make these types of determinations, but nonetheless encourages the Postal Service to work with mailers to ensure that proposed new workshare discounts are structured in such a way that they incentivize desired mailer behavior. *See id.*

In addition, the Commission approves several minor MCS changes proposed by the Postal Service related to USPS Marketing Mail. Specifically, the Postal Service proposes to add “or 5-Digit Scheme” to the descriptions of various 5-Digit container discounts to provide additional clarification of those containers to which the discounts are currently applied.<sup>51</sup> The Postal Service also proposes to remove a redundant notation of “Commercial and Nonprofit eligible,” which appears twice in the same description in section 1225.4 of the MCS. Notice, Attachment A at 71. In addition, the Postal Service agrees that an additional heading is needed to offset the description of the new workshare discounts for USPS Marketing Mail Flats for consistency with similar discounts. *Id.* at 77; Response to CHIR No. 1, question 2. The Commission makes this change in the Attachment to this Order.

#### 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 states that the Postal Service fulfills the requirements of 39 U.S.C. § 3626. PR Comments at 14-15. No other commenter discusses compliance with 39 U.S.C. § 3626. For the planned prices in this proceeding, the percentage ratio of the nonprofit average revenue per piece to the commercial

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<sup>51</sup> Response to CHIR No. 1, question 3; Notice, Attachment A at 46, 52, 57, 61.

average revenue per piece is 59.86 percent.<sup>52</sup> The Commission finds that the revenue per piece percentage ratio proposed by the Postal Service fulfills the requirement of 39 U.S.C. § 3626(a)(6)(A).

#### G. Nonprofit Discounts

The Postal Service is required to either equalize or adequately justify all unequal nonprofit and commercial discounts.<sup>53</sup> The Postal Service states that it is “keeping nonprofit discounts equal to the comparable commercial discounts.” Notice at 35 (footnote omitted). 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

NAPM raises a concern related to USPS Marketing Mail that has not been addressed elsewhere in this section. NAPM Comments at 7.

##### 2. Comments

NAPM is concerned with the Postal Service’s greater price differentiation between EDDM—Retail and EDDM—Commercial. NAPM Comments at 7. Specifically, NAPM notes that its members provide services to customers utilizing EDDM—Commercial and “find themselves at a growing disadvantage when the price differential grows between the retail version of the service and the commercial version of the

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<sup>52</sup> Library Reference PRC-LR-R2023-1-2, Excel file “PRC-CAPCALC-MM-R2023-1.xlsx.”

<sup>53</sup> See 39 U.S.C. § 403(c); *Nat’l Easter Seal Soc’y for Crippled Child. & Adults v. U.S. Postal Serv.*, 656 F.2d 754 (D.C. Cir. 1981).

service.” *Id.* NAPM notes that both the retail and commercial versions are marketed to local small businesses and that its members “offer a more extensive list of services for the EDDM customer than the [Postal Service] can provide [at retail].” *Id.* NAPM asserts that “[t]he EDDM customer ultimately is better served by mailers such as NAPM members who are professional mailing services that can offer the advantage of much higher quality mailings, and can provide ‘one stop shopping’ for all the services the EDDM customer will need.” *Id.*

### 3. Commission Analysis

The Commission notes that pricing flexibility for the Postal Service is an important component of the Market Dominant ratemaking system and that the Market Dominant ratemaking system was specifically designed 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. *Id.* § 404(b). Under the ratemaking system, the Governors of the Postal Service have the discretion to use some, none, or all 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. *Id.* at 315-16; see 39 U.S.C. § 3622(b)(4), (8). Thus, the Postal Service retains flexibility to vary proposed prices within classes and among products. The Commission’s review is limited to ensuring 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, which the proposed price adjustments for USPS Marketing Mail do and NAPM does not allege otherwise. 39 C.F.R. § 3030.126(b). As a result, the Commission has no basis, on the issues raised in the comments, for disallowing the proposed EDDM—Retail and EDDM—Commercial prices



in this proceeding or determining that those proposed prices do not comply with applicable law.

## VII. PERIODICALS

### A. Introduction

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

### B. Price Adjustment Authority

#### 1. Introduction

The Periodicals class consists of two products: (1) In-County<sup>54</sup> and (2) Outside County. The planned price increase for Periodicals is, on average, 3.456 percent, which results in 0.744 percent in unused price adjustment authority.<sup>55</sup> Table VII-1 shows the percentage price change for each Periodicals product as calculated by the Commission.

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<sup>54</sup> Although the Notice refers to this product as “Within County,” this product is named In-County Periodicals in the MCS. MCS § 1300.2.

<sup>55</sup> As shown in Table II-1, *supra*, the Postal Service has 4.200 percent in available pricing authority. Subtracting the 3.456 percent that the Postal Service is using in this proceeding from its available pricing authority results in 0.744 percent remaining as unused price adjustment authority. See Library Reference PRC-LR-R2023-1-3, Excel file “PRC-CAPCALC-PER-R2023-1.xlsx.”

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

<b>Periodicals Product</b>	<b>Price Change %</b>
Outside County	3.231
In-County	7.614
<b>Overall</b>	3.456
Source: Library Reference PRC-LR-R2023-1-3, Excel file "PRC-CAPCALC-PER-R2023-1.xlsx."	

## 2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. In the Notice, the Postal Service proposes three adjustments to the hybrid year billing determinants for Periodicals. *Id.* at 23-24. First, the Postal Service separates Science of Agriculture pounds from Regular Advertising pounds in the billing determinants "[i]n order to calculate the change in prices for Science of Agriculture Pounds for Zones 3-9." *Id.* at 23. Second, the Postal Service proposes to price bundles in sacks entered at facilities other than a DSCF, Sort and Distribution Center (SDC), or DDU as if they are in Mixed ADC containers. *Id.* at 21. To effectuate this change, the Postal Service proposes "to move the bundles volume in sacks [currently] entered at Origin, [destination network distribution center (DNDC)], and [destination area distribution center (DADC)] to presort in [Mixed ADC] containers entered at Origin with container fee waived." *Id.* at 23. However, the Postal Service later conceded that for purposes of the percentage change in rates calculation, it used the wrong current rate for the moved bundles volume, which affected the overall percentage change in rates calculation for the Periodicals class and was subsequently corrected. Response to CHIR No. 4, questions 5-17 and Excel file "USPS-CAPCAL-PER-R2023-1BRADJ.xlsx." Third, the Postal Service states that it "is eliminating the entry of sacks containing flats at the [origin sectional center facility (OSCF)], [origin area

distribution center (OADC)], [origin network distribution center (ONDC)], DNDC, and DADC” and that “[t]hese entry points will only accept sacks containing parcels.” Notice at 24. The Postal Service further states that sacks containing flats and parcels will be accepted at DSCFs, SDCs, and DDUs. *Id.*; Response to CHIR No. 2, question 8.a. To effectuate these changes, the Postal Service initially proposed to remove the volume of sacks containing flats, “except the sacks volume at DSCF entry, DDU entry, and all sacks volume containing parcels.” Notice at 24. However, in the Response to CHIR No. 4, the Postal Service states that it “inadvertently eliminated the container prices of sacks containing flats in the before-rates revenue calculation” and provides a revised price cap calculation Excel file with revised calculations that reflect the volume of sacks containing flats initially proposed to be removed are retained, and showing instead that those volumes will not have a container fee associated with them after the proposed prices go into effect. Response to CHIR No. 4, question 17 and Excel file “USPS-CAPCAL-PER-R2023-1BRADJ.xlsx.”

### 3. Comments

The Public Representative asserts that the planned price adjustments comply with the requirements of the price cap. PR Comments at 8. PostCom and N/MA dispute that the Postal Service’s Periodicals price adjustments comply with the requirements of the price cap. PostCom Comments at 2-4; N/MA Comments at 1-6. These comments are addressed in Section VII.G., *infra*.

### 4. Commission Analysis

The Commission finds that 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 stated that it was proposing to use all of its available rate authority of 4.200 percent for the Periodicals class. Notice at 21. During the proceeding, the Commission found two errors in Library Reference USPS-LR-R2023-1/3, Excel file

“USPS-CAPCAL-PER-R2023-1.xlsx” that, when corrected, caused the Postal Service’s proposed prices to appear to exceed the available rate authority of 4.200 percent. However, the Postal Service also identified a third error that, when corrected, demonstrated that the Postal Service’s proposed prices for Periodicals did not exceed the available rate adjustment authority. Each of these errors is discussed in more detail below.

First, the Postal Service did not include the FY 2022, quarter 3 volumes in its volume totals for non-profit Ride-Along Revenue, Full-Service Intelligent Mail Participation, and the Seamless Incentive. See Response to CHIR No. 1, question 9.a.-c. Because including the FY 2022, quarter 3 volumes caused the proposed price adjustments for Periodicals as then presented in its workpapers to exceed the price cap, the Postal Service filed a revised version of Excel file “USPS-CAPCAL-PER-R2023-1.xlsx” that reduced the bundle price for 3-Digit/SCF bundles in Mixed ADC containers from \$0.885 to \$0.884 and included the FY 2022, quarter 3 volumes. *Id.* question 9.d. and Excel file “USPS-CAPCAL-PER-R2023-1.xlsx.” Reducing the price for 3-Digit/SCF bundles in Mixed ADC containers sufficiently offset the effect of including the FY 2022, quarter 3 volumes, thus negating the price cap effect of including the volumes and bringing the Postal Service’s proposed price adjustments within the Postal Service’s available price adjustment authority for Periodicals. The Postal Service also filed a revised MCS price table to reflect the price change in the bundle price for 3-Digit/SCF bundles in Mixed ADC containers. Response to CHIR No. 4, question 4 and Attachment A at 100. This change is reflected in the Attachment to this Order.

A second issue also appeared to cause the proposed price adjustments for Periodicals to exceed the available rate authority. Specifically, 39 C.F.R. § 3030.128(a) requires that “[f]or the purpose of calculating the percentage change in rates, the current rate is the rate in effect at the time of the rate adjustment filing under [39 C.F.R.] § 3030.121” unless an exception in 39 C.F.R. § 3030.128(a)(1) or (2) applies.

39 C.F.R. § 3030.128(a). Thus, for purposes of calculating the percentage change in rates in this proceeding, the Postal Service must use the prices in effect on October 7, 2022 (*i.e.*, the filing date of the Notice) as the current rates if an exception does not apply.

In this proceeding, the Postal Service is proposing to price bundles containing flats that are currently in ADC, 3-Digit/SCF, or 5-Digit sacks as if they were in Mixed ADC containers.<sup>56</sup> The Postal Service states that “[o]rigin-entered mail that is neither palletized nor prepared in tubs will be dumped, sorted at the origin facility, and worked in the same manner as mail presented in Mixed [ADC] containers. Hence the [b]undle sortation level for these [b]undles will become [Mixed ADC].” *Id.* question 6.d.

On October 7, 2022, such pieces could qualify for any of 12 bundle prices, which were determined by the level of presortation of the bundle and the corresponding type of sack used.<sup>57</sup> However, rather than using the prices in effect on October 7, 2022 in its calculation of the percentage change in rates as required by 39 C.F.R. § 3030.128(a), the Postal Service instead used the October 7, 2022 prices for such bundles in Mixed ADC containers in its percentage change in rates calculation.<sup>58</sup> Because the prices for

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<sup>56</sup> Response to CHIR No. 1, question 6.a.-b. See Section VII.B.2., *supra*.

<sup>57</sup> Those prices are: (1) \$0.435 for an ADC bundle in an ADC sack; (2) \$0.546 for a 3-Digit/SCF bundle in an ADC sack; (3) \$0.597 for a 5-Digit bundle in an ADC sack; (4) \$0.927 for a Carrier Route bundle in an ADC sack; (5) \$0.476 for a Firm bundle in an ADC sack; (6) \$0.410 for a 3-Digit/SCF bundle in a 3-Digit/SCF sack; (7) \$0.467 for a 5-Digit bundle in a 3-Digit/SCF sack; (8) \$0.687 for a Carrier Route bundle in a 3-Digit/SCF sack; (9) \$0.428 for a Firm bundle in a 3-Digit/SCF sack; (10) \$0.395 for a 5-Digit bundle in a 5-Digit sack; (11) \$0.191 for a Carrier Route bundle in a 5-Digit sack; and (12) \$0.165 for a Firm bundle in a 5-Digit sack. See CHIR No. 4, questions 5-16; Response to CHIR No. 1, Excel file “USPS-CAPCAL-PER-R2023-1.xlsx,” tab “Outside County Adjustments,” cells D62:66, D74:77, D84:86.

<sup>58</sup> Those prices are: (1) \$0.727 for an ADC bundle in an ADC sack; (2) \$0.847 for a 3-Digit/SCF bundle in an ADC sack; (3) \$0.893 for 5-Digit bundle in an ADC sack; (4) \$1.201 for a Carrier Route bundle in an ADC sack; (5) \$0.681 for a Firm bundle in an ADC sack; (6) \$0.847 for a 3-Digit/SCF bundle in a 3-Digit/SCF sack; (7) \$0.893 for a 5-Digit bundle in a 3-Digit/SCF sack; (8) \$1.201 for a Carrier Route bundle in a 3-Digit/SCF sack; (9) \$0.681 for a Firm bundle in a 3-Digit/SCF sack; (10) \$0.893 for a 5-Digit bundle in a 5-Digit sack; (11) \$1.201 for a Carrier Route bundle in a 5-Digit sack; (12) \$0.681 for a Firm bundle in a 5-Digit sack. See CHIR No. 4, questions 5-16; Response to CHIR No. 1, Excel file “USPS-CAPCAL-PER-R2023-1.xlsx,” tab “Outside County Adjustments,” cells D68:72, D79:82, D88:90.

such bundles in Mixed ADC containers were universally higher than the prices actually in effect for such bundles on October 7, 2022,<sup>59</sup> the Postal Service's original price cap calculation reflected a percentage change in rates for the Periodicals class that was lower than the actual percentage change in rates resulting from its proposed price adjustments as reflected in the workpapers at the time. When the current rates for these bundles were corrected to reflect the actual current rates in effect on October 7, 2022, the Postal Service's proposed prices for the Periodicals class at that point showed an average increase of 4.579 percent, which exceeded the available rate adjustment authority of 4.200 percent. See CHIR No. 4, question 17.

In the Response to CHIR No. 4, the Postal Service concedes that it did not use the appropriate current bundle rates as required by 39 C.F.R. § 3030.128(a) and that neither of the exceptions in 39 C.F.R. § 3030.128(a)(1) and (2) apply to the bundle prices at issue. Response to CHIR No. 4, questions 5-16. As a result, the Postal Service adjusted its calculation of the percentage change in rates to reflect the appropriate current rate as required by 39 C.F.R. § 3030.128(a). *Id.* question 17 and Excel file "USPS-CAPCAL-PER-R2023-1BRADJ.xlsx." However, in reviewing its calculation of the percentage change in rates while responding to CHIR No. 4, the Postal Service identified a third error, which it asserts causes the proposed price adjustments to result in an average increase of 3.456 percent, which is less than the available rate adjustment authority of 4.200 percent. *Id.*

As explained in Section VII.B.2., *supra*, the Postal Service is proposing substantial changes related to the entry of sacks in this proceeding. Specifically, the Postal Service proposes to eliminate the entry of sacks containing flats at the OSCF, OADC, ONDC, DNDC, and DADC with these entry points only accepting sacks containing parcels. Notice at 24. Sacks containing flats will continue to be accepted at

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<sup>59</sup> Compare n.57 (current prices), *supra* with n.58 (prices used in initial percentage change in rates calculation), *supra*.

DSCFs, SDCs, and DDU as will sacks with parcels. *Id.*; Response to CHIR No. 2, question 8.a. The Postal Service initially proposed to remove sack volumes associated with sacks containing flats entered at the OSCF, OADC, ONDC, DNDC, and DADC from the billing determinants and its calculation of the percentage change in rates. Notice at 24. This caused those volumes to have no effect on the calculation of the percentage change in rates because the volumes were considered to have been eliminated.

The objective of the Commission's approach to calculating the percentage change in rates is to capture the differences in the prices of mailings under the current rates and under the new rates being proposed by comparing resulting revenues using a fixed weight, specifically the volumes from the most recently available 12 months of billing determinants, to determine the change in rates for a class of mail. See 39 C.F.R. § 3030.128. Outside County Periodicals prices are unique in that a price for a given mailing is calculated by adding the applicable pound prices, piece prices, bundle prices (if prepared in bundles), and container prices (if prepared in trays, sacks, pallets, or other containers). MCS §§ 1310.4, 1310.6. Currently, an Outside County Periodicals mailing containing flats bundles and presented in a sack at the OSCF, OADC, ONDC, DNDC, and DADC is charged piece, pound, bundle (determined by the level of presortation of the bundle and the corresponding type of sack used as discussed above), and sack (*i.e.*, the applicable container) prices. Under the proposed prices, the same mailing would be charged the proposed new piece and pound prices as well as the new proposed higher bundles prices for bundles presented in Mixed ADC containers (as discussed above). However, the Postal Service proposes to waive the container fee for these mailings, thus resulting in a new proposed sack container price of \$0.00. Notice at 23.

In the Response to CHIR No. 4, the Postal Service updated its calculation of the percentage change in rates to reflect that the volumes of these sacks will be retained

and the container prices for these sacks will decrease from their current prices to \$0.00. Response to CHIR No. 4, question 17 and Excel file "USPS-CAPCAL-PER-R2023-1BRADJ.xlsx." Reflecting this decrease in container prices in the calculation of the percentage change in rates combined with the other corrections discussed above results in an average price increase for the Periodicals class of 3.456 percent. In Library Reference PRC-LR-R2023-1-3, file "Preface.pdf," the Commission walks through how the proposed changes for sacks and bundles are presented in Library Reference PRC-LR-R2023-1-3 and how those proposed changes affected the overall calculation of the percentage change in rates for the Periodicals class.

As a result of these corrections, the Postal Service's proposed price adjustments do not exceed the available rate authority for the Periodicals class of 4.200 percent. The Commission calculates the Postal Service's planned price adjustment for Periodicals to be 3.456 percent, which is less than the total available rate authority of 4.200 percent and results in total unused price adjustment authority available for Periodicals after this proceeding of 0.744 percent. The Commission accepts the Postal Service's adjustments to the billing determinants for Periodicals as reasonable. However, the Commission must also express its concern about the number of consequential errors contained in Library Reference USPS-LR-R2023-1/3 as initially filed, as well as about the lack of clear explanation for the Postal Service's plans regarding the Periodicals changes that it was proposing in its Notice. The Commission's regulations set forth procedures for expedited adjudication of rate adjustment proceedings. 39 C.F.R. § 3030.126. However, such expedited adjudication is dependent on the Postal Service's initial filing being accurate, complying with the Commission's regulations, and containing adequate explanations of proposed changes. The Postal Service's filing on October 7, 2022 with regard to Periodicals was insufficient on all of those grounds. Of particular importance to ensuring timely review of the proposed price adjustments is accurate workpapers that comply with the Commission's regulations concerning the calculation of the percentage change in rates. In future rate



adjustment filings, the Postal Service must ensure that the calculations in its initial filing are accurate and comply with the requirements of 39 C.F.R. part 3030, including 39 C.F.R. § 3030.128(a)'s definition of the current rate to be applied in the percentage change in rates calculation. 39 C.F.R. § 3030.128(a); see Order No. 6188 at 59. Alternatively, the Postal Service risks delays in the Commission's review and approval of proposed price adjustments and subsequent delays to the Postal Service's ability to implement proposed price adjustments on the timeline previously announced. See 39 C.F.R. § 3030.126(d)-(i).

### C. Non-Compensatory Products

#### 1. Introduction

In FY 2021, both the In-County and Outside County products did not cover their attributable costs. FY 2021 ACD at 27. As a result, the Periodicals class as a whole was non-compensatory in FY 2021 with the class cost coverage hitting an all-time low of 53.2 percent. *Id.* In the FY 2021 ACD, the Commission "encourage[d] the Postal Service ... to maximize its revenue by strategically pricing Periodicals." *Id.* at 31.

#### 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 7.614 and 3.231 percent, respectively.<sup>60</sup> The Postal Service asserts that the price changes incorporate five strategies aimed at improving cost coverage: (1) accepting sacks containing flats only at DSCFs, SDCs, and DDUs "to improve the operational efficiency for processing bundles at different presort levels[;]" (2) "[p]ricing bundles in sacks entered at facilities other than DSCF, SDC, and DDU as if they are in Mixed [ADC] containers[;]" (3) "[i]ncreasing editorial pound prices to

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<sup>60</sup> Library Reference PRC-LR-R2023-1-3, Excel file "PRC-CAPCALC-PER-R2023-1.xlsx."

recapture revenue as the makeup of pounds has shifted from advertising to editorial[;]” (4) “[c]ontinuing to lower prices for tubs versus sacks to encourage more efficient mail handling[;]” and (5) “[m]aintaining the price differential between basic Carrier Route and Machinable Automation 5-Digit Flats to encourage the preparation of Carrier Route pieces and reduce costs for the Postal Service.” Notice at 21-22.

### 3. Comments

The Public Representative states the proposed increases for In-County and Outside County comply with the FY 2021 ACD. PR Comments at 19. He notes “that the overall price increase is lower than the available cap space, which could result in a more drastic increase in the future.” *Id.* No other commenters raise issues pertaining to In-County’s and Outside County’s 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 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.

## 2. The Postal Service's Position

The Postal Service asserts that all Periodicals workshare discounts comply with 39 C.F.R. part 3030, subpart J. See Notice at 22. 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.” *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 13. No other commenters address the workshare discounts for Periodicals.

## 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 represents that all Periodicals workshare discounts are set below their avoided costs but have been

increased by at least 20 percent or are set to result in passthroughs of at least 85 percent. See Notice at 22-23. 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.

## E. Mail Classification Changes

### 1. Introduction

As discussed in Section VII.B., *supra*, in this proceeding, the Postal Service is proposing to discontinue the entry of Periodicals’ sacks containing flats at entry points other than DSCFs, SDCs, and DDUs and proposes several changes to the MCS to effectuate this change.<sup>61</sup>

### 2. The Postal Service’s Position

The Postal Service proposes that sacks containing flats bundles will be accepted only at DSCFs, SDCs, and DDUs. Notice at 21; Response to CHIR No. 2, question 8.a. Sacks containing parcels will continue to be accepted at all entry points. Notice at 24.

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<sup>61</sup> Notice at 21, 24; *id.* Attachment A at 96-97; Response to CHIR No. 2, question 8 and Attachment A at 96.

### 3. Comments

No commenter addresses the planned mail classification changes for the Periodicals class.

### 4. Commission Analysis

The Commission accepts the proposed changes to the MCS with respect to the discontinuance of the acceptance of sacks containing flats at facilities other than DSCFs, SDCs, and DDUs. In the Notice, the Postal Service proposed changes to the MCS that appeared to limit the facilities accepting sacks containing flats to DSCFs and DDUs. Notice, Attachment A at 96-97. In the Response to CHIR No. 2, the Postal Service provides a clarifying MCS change that shows SDCs will also accept sacks containing flats. Response to CHIR No. 2, question 8.a., b. and Attachment A at 96. The Commission finds that the proposed MCS changes will clarify the facilities in which sacks containing flats and parcels will be accepted and therefore will better and more accurately reflect current offerings. The Attachment to this Order contains the Postal Service's proposed changes to the MCS, including the clarifying change provided with the Response to CHIR No. 2, question 8.

## F. 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 33.

*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 In-County Periodicals by setting its prices below those of Outside County Periodicals. *Id.* at 34.

*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 DADC that are 75 percent of the advertising pound prices applicable to regular Outside County Periodicals. *Id.* In addition, the Postal Service proposes that the advertising pound price for Outside County Science of Agriculture Periodicals in Zones 1 and 2 be set to 75.1 percent of the rate applicable to regular Outside County Periodicals. *Id.*

*Limited circulation discount.* 39 U.S.C. § 3626(g)(4)(C) provides preferential treatment for Outside County pieces of a Periodicals publication with fewer than 5,000 Outside County pieces and at least 1 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. *Id.* at 35.

### 3. Comments

The Public Representative states that the Postal Service fulfills the requirements of 39 U.S.C. § 3626. PR Comments at 14-15. No other commenter discusses compliance with 39 U.S.C. § 3626.

### 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 39.7 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). The Commission notes that setting the advertising pound price for Outside County Science of Agriculture Periodicals in Zones 1 through 9 at 75.1 percent, DDU at 75.2 percent, and DADC and DSCF at 75.3 percent of the rate applicable to regular Outside County Periodicals is appropriate because setting those prices at exactly 75 percent of regular Outside County Periodicals is not possible due to the fact that prices are set to three decimal places.

- *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).

## G. Other Comments Related to Periodicals

### 1. Introduction

N/MA, PostCom, and NAPM raise concerns related to Periodicals that have not been addressed elsewhere in this section. N/MA Comments at 1-6; PostCom Comments at 2-4; NAPM Comments at 7-9.

### 2. Comments

N/MA and PostCom assert that the proposed price adjustments for Periodicals exceed the available rate adjustment authority because the Postal Service did not factor the effects of the elimination of FSS scheme preparation into the percentage change in rates calculation. N/MA Comments at 1; PostCom Comments at 1, 2-4. Both commenters further assert that the Commission should remand the Periodicals prices back to the Postal Service and direct that the Postal Service file revised prices that take into account the elimination of FSS scheme preparation. N/MA Comments at 1; PostCom Comments at 4.

N/MA explains that “[f]or some time, Periodicals mailers have been required to prepare qualifying mail to FSS scheme sortation makeup[,]” which permitted “mailers to prepare bundles that combined both carrier-route and 5-Digit pieces (as well as other pieces destined for the same FSS scheme) and enter them in containers.” N/MA Comments at 2. N/MA further explains that in July 2022, the Postal Service provided notice of “extensive changes to mail preparation labeling lists relating to the discontinuance of FSS scheme preparation,” and then in September 2022, “announced the removal of FSS scheme preparation requirements altogether.” *Id.* N/MA asserts



that due to the elimination of FSS scheme preparation, “Periodicals mailers may no longer enter FSS bundles combining carrier-route and 5-Digit” pieces, and therefore, “mailers that desire to maintain the same presort piece rate as before must prepare, enter, and pay postage on separate carrier-route and 5-Digit bundles.” *Id.*

Both PostCom and N/MA point out that the Postal Service acknowledges that the elimination of FSS scheme preparation will require some Periodicals mailers to prepare and pay for additional bundles. *Id.* at 2-3; PostCom Comments at 2. Both commenters emphasize that the Postal Service itself calculated that on average an FSS bundle will expand to 2.097 Carrier Route or 5-Digit bundles. N/MA Comments at 3; PostCom Comments at 3. N/MA reports that its members are currently experiencing *de facto* rate increases of between 1 and 2 percent due to increased bundles. N/MA Comments at 3. PostCom reports that “[w]hile the magnitude of the increase varies by mailer, some Periodicals are experiencing increases exceeding ten percent.” PostCom Comments at 3.

Both PostCom and N/MA note that the Postal Service did not account for the elimination of FSS scheme preparation in its calculation of the percentage change in rates filed in this proceeding and highlight that the Postal Service did later calculate the effect of the entry of more bundles due to the elimination of FSS scheme preparation in the Response to CHIR No. 3. PostCom Comments at 3; N/MA Comments at 3. Both commenters point out that the Postal Service’s calculations show that if the effects of the elimination of FSS scheme preparation are incorporated into the percentage change in rates calculation, the proposed price adjustments for the Periodicals class would exceed the amount of rate authority available to Periodicals in this proceeding. PostCom Comments at 3-4, N/MA Comments at 3. Thus, both commenters advocate for the Commission to remand the proposed Periodicals price adjustments to the Postal Service to account for the elimination of FSS scheme preparation in the percentage change in rates calculation. PostCom Comments at 4; N/MA Comments at 6.

Both commenters acknowledge that two decisions of the Court of Appeals for the D.C. Circuit have relevance: *U.S. Postal Serv. v. Postal Regul. Comm'n*, 785 F.3d 740 (D.C. Cir. 2015) (*IMb I*) and *U.S. Postal Serv. v. Postal Regul. Comm'n*, 886 F.3d 1253 (D.C. Cir. 2018) (*IMb II*). PostCom Comments at 2-3; N/MA Comments at 4-5. The commenters acknowledge that the Commission was required by the Court of Appeals for the D.C. Circuit to establish a standard for determining when mail preparation changes constitute changes in rates that must be accounted for under the price cap, should the Commission continue to regulate such changes via the price cap, and the commenters acknowledge that the Commission has not done so. PostCom Comments at 2-3; N/MA Comments at 5. N/MA asserts “that is no obstacle to acting in this case” as “[t]here is no dispute that the Postal Service’s change in mail preparation requirements will force mailers to pay higher rates simply for mailing the same pieces.” N/MA Comments at 5. Both PostCom and N/MA assert that language in *IMb I* and *IMb II* weigh in favor of considering the additional bundles caused by the elimination of FSS scheme preparation as a change in rates. PostCom Comments at 3; N/MA Comments at 4-5.

N/MA also asserts that “rejecting the proposed rates is consistent with the Commission’s rule requiring reasonable adjustments when the [Postal] Service redefines a rate cell.” N/MA Comments at 5 (citing 39 C.F.R. § 3030.128(b)). N/MA concedes that “the elimination of FSS scheme may not technically constitute a deletion or redefinition of a rate cell – as there currently is no ‘FSS scheme’ cell” but asserts that “it is tantamount to the same thing.” *Id.* at 5. N/MA states that 39 C.F.R. § 3030.128(b) requires the Postal Service “to make reasonable adjustments, based on known mail characteristics, to the billing determinants to account for the effects of the deletion or redefinition of rate cells.” *Id.* at 6 (footnote omitted). N/MA asserts the Postal Service has done this in the Response to CHIR No. 3. *Id.*

Although NAPM does not weigh in on the removal of FSS scheme preparation standards for Periodicals, NAPM requests more generally that the Commission clarify “the application of its rules governing the calculation of the percentage change in rates in connection with proposed changes in mail preparation or eligibility standards.” NAPM Comments at 7 (footnote omitted). In particular, NAPM questions whether the definition of current rates in 39 C.F.R. § 3030.128 includes “the prevailing mail preparation or eligibility standards” and seeks to confirm that it would be improper under the Commission’s rules to compare before-rates revenues under new preparation standards to after-rates revenues under the same preparation standards. *Id.* at 8. NAPM asserts that “[t]o ensure an effective rate increase from a change in mail preparation standards is properly accounted for under the price cap, the magnitude of the rate increase must be calculated comparing the before-rates revenues under the current or before-rates preparation standards to the after-rates revenues under the new or after-rates preparation standards.” *Id.*

### 3. Commission Analysis

Central to the assessment of whether PostCom and N/MA are correct that the elimination of the FSS scheme preparation standards constitutes a change in rates that must be accounted for under the price cap is the question of whether and under what circumstances a change in mail preparation requirements is also a change in rates that must be accounted for under the price cap. PostCom and N/MA argue that because the elimination of FSS scheme preparation causes some Periodicals mailers to enter and pay for more bundles in order to maintain the same piece prices, the mail preparation change constitutes a *de facto* price change that must be accounted for under the price cap. PostCom Comments at 2-4; N/MA Comments at 2-6.

In *IMb I*, a similar question was raised before the Court of Appeals for the D.C. Circuit by the Postal Service, which appealed a prior Commission determination that a specific mail preparation change constituted a change in rates that must be accounted

for under the price cap. Although the court found that there was not a statutory or regulatory bar on the Commission regulating mail preparation changes under the price cap, the court also remanded the case to the Commission “to more clearly enunciate the standard it is using to determine which mail preparation requirement changes are ‘changes in rates.’” *IMb I* at 750. In particular, the court noted the Commission’s position that it would not consider every mail preparation change as having rate effects and emphasized the importance of a “comprehensible standard for the circumstances in which a change to mail preparation requirements ... will be considered a ‘change in rates’” in order to provide clear guidance to the Postal Service and its customers. *Id.* at 753-54.

In Order No. 3047, the Commission set forth a standard to determine whether a mail preparation change also constituted a change in rates that must be accounted for under the price cap.<sup>62</sup> Specifically, the Commission found that (1) “when the mail preparation change causes the elimination of a rate, or the functional equivalent of an elimination of a rate, *e.g.*, making the rate inaccessible,” or (2) “when the mail preparation change causes a significant change to a basic characteristic of the mailing,” the mail classification change should be accounted for in the calculation of the percentage change in rates pursuant to the Commission’s regulations. Order No. 3047 at 1-2.

The Postal Service again appealed the Commission's order to the Court of Appeals for the D.C. Circuit. In its decision on that appeal (*i.e.*, *IMb II*), the court held that the Commission’s new analysis did not add the necessary clarity called for in its

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<sup>62</sup> Docket No. R2013-10R, Order Resolving Issues on Remand, January 22, 2016 (Order No. 3047). The Postal Service requested reconsideration of Order No. 3047. Docket No. R2013-10R, Motion for Reconsideration of Order No. 3047, February 22, 2016 (Docket No. R2013-10R Motion). The Commission ultimately rejected the Postal Service’s arguments in the Docket No. R2013-10R Motion and maintained its holding in Order No. 3047. Docket No. R2013-10R, Order Resolving Motion for Reconsideration of Commission Order No. 3047, July 20, 2016, at 35 (Order No. 3441).

prior decision and that the Commission put forth an unreasonable interpretation of the statute with regard to what constitutes “changes in rates” and thus vacated Order No. 3047 and the standard set forth by the Commission in that order.<sup>63</sup> The court reiterated that “the Commission may have authority to treat some Postal Service changes in mail preparation requirements as changes in rates[, but stated that] that potential authority depends on its articulating and applying a test consistent with the statute.” *IMb II* at 1260.

In Docket No. RM2018-11, the Commission issued an advance notice of proposed rulemaking to seek proposals for a standard to determine when a mail preparation change is a change in rates in accordance with the court’s decision.<sup>64</sup> After reviewing the proposals that were submitted, the Commission declined to propose rules or to establish a new standard at that time.<sup>65</sup>

The Court of Appeals for the D.C. Circuit required the Commission to develop a standard for determining when a mail preparation change was a “change in rates” prior to regulating mail preparation changes as price changes. Although N/MA and PostCom cite language in *IMb I* and *IMb II* that, to them, suggests that the court would look favorably on requiring that the elimination of the FSS scheme preparation standards be included in the percentage change in rates calculation, the fact remains that the court required the Commission establish a standard before regulating such changes and the Commission has not done so. See N/MA Comments at 4-5; PostCom Comments at 3. The Commission is not prepared to offer a new standard in the context of this expedited proceeding and thus must decline to consider the mail preparation changes identified by N/MA and PostCom as changes in rates. However, even if the Commission were in a

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<sup>63</sup> *IMb II* at 1255. The Court also vacated Order No. 3441.

<sup>64</sup> Docket No. RM2018-11, Advance Notice of Proposed Rulemaking, August 9, 2018, at 1 (Order No. 4750).

<sup>65</sup> Docket No. RM2018-11, Order Closing Docket, June 3, 2019, at 5 (Order No. 5113).

position to articulate a new standard in this proceeding, the Commission notes that the mail preparation changes identified by N/MA and PostCom are not of the type that the Commission expects would be considered a change in rates.

Even as the Commission sought to regulate some mail preparation changes as changes in rates in the orders that led to *IMb I* and *IMb II*, the Commission acknowledged that not all mail preparation changes can or should be considered price changes. In Docket No. R2013-10, the Commission provided several examples of mail preparation changes that would not be considered changes in rates: “FSS preparation requirements requir[ing] mailers to rearrange their current bundles to meet the new FSS preparation requirements,” “adjustments that are made when carrier route schemes change,” and “changes made to accommodate findings that machine tolerances are greater or less than previously believed.”<sup>66</sup> The Commission acknowledged that “[t]hese types of changes require mailers to adapt to Postal Service machinery and carrier routes, which could result in mailers paying higher, lower, or equal prices[,]”<sup>67</sup> but concluded that “these changes are operational in nature, and the Commission does not view them as price changes.” *Id.* at 71.

In fact, in Docket No. R2013-10, the Postal Service proposed and the Commission approved as part of new FSS preparation requirements that “FSS bundles can include flats from multiple products within a class.” *Id.* at 70-71. This change thus encompassed the mail preparation change that N/MA and PostCom now object to the Postal Service unwinding. The Postal Service represented at the time that the required FSS “preparation actually would reduce [mailers’] preparation costs, by allowing mailers

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<sup>66</sup> Docket No. R2013-10, Order on Price Adjustments for Market Dominant Products and Related Mail Classification Changes, November 21, 2013, at 71 (Order No. 1890).

<sup>67</sup> For example, the Commission explained “[w]hen the Postal Service modifies its carrier routes, mailers must adjust their mailings to match the new carrier route schemes. These modifications may cause particular mailpieces that were eligible to receive Carrier Route prices to now pay higher 5-digit prices. At the same time, some pieces that were not previously eligible to receive Carrier Route prices may now shift into carrier route bundles.” *Id.* at 71-72.

to create fewer bundles,” yet it did not seek to adjust the percentage change in rates calculation to account for the change. Had the Postal Service done so, the effect would have been to increase its overall price adjustment authority on account of the fewer bundles that the Postal Service would receive.<sup>68</sup> The Commission determined that the FSS changes were not price changes and found that they “have no impact on the price cap calculation.” Order No. 1890 at 71-72. In making that determination, the Commission stated:

FSS preparation requirements require mailers to rearrange their current bundles to meet the new FSS preparation requirements. This is similar to the adjustments that are made when carrier route schemes change. It is also similar to changes made to accommodate findings that machine tolerances are greater or less than previously believed. Such changes are not viewed by the Commission as price changes.

*Id.* at 71.

This history illustrates two reasons why the changes identified by N/MA and PostCom are not of the type the Commission would expect to view as a change in rates. First, the Postal Service and the Commission historically have not included the majority of operationally related mail preparation changes in the calculation of the percentage change in rates. The Postal Service further elaborates on this point in its Response to CHIR No. 3. The Postal Service states that it

routinely makes changes to labelling lists as operational needs and facility changes dictate in order to provide more effective and efficient services. These changes can be minor, with only a few changes, or can be more robust, as was the case with the recent modification to the FSS scheme label list. In fact, the FSS scheme label list itself was continually evolving, having been adjusted numerous times since inception. As example, the 08/2017 L006 list contained 2,654 5-Digit zones; the 05/2019 list increased to 2,736 zones; the 02/2020 list increased to 2,772 zones; the 10/2020 list decreased to 2,606 zones; the 04/2021

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<sup>68</sup> Docket No. R2013-10, Response of the United States Postal Service to Chairman’s Information Request No. 3, Question 3, October 28, 2013, question 3.b.; Response to CHIR No. 3, question 3.a.

version decreased to 2,583 zones; and the 05/2022 version decreased to 2,456 zones.

Response to CHIR No. 3, question 3.a. The Postal Service explained that in all such instances, no change to the calculation of the percentage change in rates was made to incorporate these changes. *Id.* The Postal Service states that it “historically has not adjusted billing determinants as a result of labelling list changes, even where such changes would have hypothetically inured to the benefit of the Postal Service in the form of increased price-cap authority.” *Id.*

Second, it would be particularly unfair to consider the mail preparation change at issue here as a change in rates when the Postal Service did not gain additional price adjustment authority when it proposed allowing the mixed bundles (e.g., Periodicals FSS bundles containing both Carrier Route and 5-Digit pieces) in Docket No. R2013-10. As described above, that change potentially would have allowed the Postal Service to gain price adjustment authority had the Postal Service and Commission considered it a change in rates. It would be illogical and inconsistent to now conclude that undoing that change should be considered in a change in rates (to the mailers’ advantage) when it was not considered a change in rates (to the Postal Service’s advantage) in an analogous situation. *See id.*

With respect to N/MA’s claim that remanding the Periodicals proposed price adjustments is consistent 39 C.F.R. § 3030.128(b), the Commission notes that 39 C.F.R. § 3030.128(b) would only apply once a mail preparation change has been determined to be a change in rates. *See* N/MA Comments at 5-6. As 39 C.F.R. § 3030.128(b) states, the rule’s purpose is to provide guidance concerning the calculation of the percentage change in rates. 39 C.F.R. § 3030.128(b). Specifically, 39 C.F.R. § 3030.128(b) prescribes how the Postal Service is permitted to adjust volumes to account for the introduction, deletion, and redefinition of rate cells within its percentage change in rates calculation. *Id.* Because the Commission is not



considering the elimination of the FSS scheme preparation standards as a price change, 39 C.F.R. § 3030.128(b) is inapplicable.

With respect to NAPM's request for clarification about the application of rules governing the calculation of the percentage change in rates, the Commission notes that, as discussed above, before such rules would be applied to mail preparation changes, the Commission must develop a standard for determining when a mail preparation change is a "change in rates." After such a standard were developed, and if a mail preparation change were determined to be a "change in rates," NAPM is correct that the Postal Service would be required to calculate the change in rates by "comparing the before-rates revenues under the current or before-rates preparation standards to the after-rates revenues under the new or after-rates preparation standards." See NAPM Comments at 8.

## 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, 4.197 percent, which results in 0.003 percent remaining unused price adjustment

authority.<sup>69</sup> 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)**

<b>Package Services Product</b>	<b>Price Change %</b>
Alaska Bypass Service	4.205
BPM Flats	2.528
BPM Parcels	4.641
Media Mail/Library Mail	4.381
<b>Overall</b>	<b>4.197</b>
Source: Library Reference PRC-LR-R2023-1-4, Excel file "PRC-CAPCALC-PACKSERV-R2023-1.xlsx."	

## 2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. The Postal Service proposes no adjustments to the hybrid year billing determinants for Package Services. See *id.* at 27.

## 3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative and PostCom state that the planned price adjustments comply with the requirements of the price cap. PR Comments at 8; PostCom Comments at 1.

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<sup>69</sup> As shown in Table II-1, *supra*, the Postal Service has 4.200 percent in available pricing authority. Subtracting the 4.197 percent that the Postal Service is using in this proceeding from its available pricing authority results in 0.003 percent remaining as unused price adjustment authority. See Library Reference PRC-LR-R2023-1-4, Excel file "PRC-CAPCALC-PACKSERV-R2023-1.xlsx."

#### 4. Commission Analysis

The Commission finds that 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 4.197 percent is less than the total available authority of 4.200 percent; therefore, the total unused price adjustment authority available for Package Services after this proceeding is 0.003 percent.

#### C. Non-Compensatory Products

##### 1. Introduction

In FY 2021, two Package Services products, BPM Parcels and Media Mail/Library Mail, did not cover their attributable costs and had cost coverages of 94.6 and 84.3 percent, respectively. FY 2021 ACD at 36. As a result, the Package Services class as a whole was non-compensatory in FY 2021 with a class cost coverage of 93.2 percent.<sup>70</sup> In the FY 2021 ACD, the Commission "strongly recommend[ed] that the Postal Service continue to apply above-average price increases to Media Mail/Library Mail in rate adjustment proceedings." FY 2021 ACD, Appendix A at 2. In addition, the Postal Service previously indicated that it intends to use its pricing flexibility to address BPM Parcels' cost coverage. See Docket No. ACR2021 Reconsideration Motion at 14; Order No. 6209 at 8-9.

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<sup>70</sup> *Id.* In the FY 2021 ACD, the Commission directed "the Postal Service to increase BPM Parcels' prices by at least 2 percentage points above the class average in each Market Dominant rate adjustment affecting the Package Services class through the issuance of the FY 2022 ACD." *Id.* Appendix A at 2. On April 28, 2022, the Postal Service filed a motion for reconsideration of this directive. Docket No. ACR2021, United States Postal Service Motion for Reconsideration of Directive Regarding Bound Printed Matter Parcels, April 28, 2022 (Docket No. ACR2021 Reconsideration Motion). On June 23, 2022, the Commission granted the Docket No. ACR2021 Reconsideration Motion and rescinded the requirement that BPM Parcels' prices be increased by at least 2 percentage points above the class average. Docket No. ACR2021, Order Granting Motion for Reconsideration of Directive Regarding Bound Printed Matter Parcels, June 23, 2022 (Order No. 6209).

## 2. The Postal Service's Position

The proposed percentage changes in prices for BPM Parcels and Media Mail/Library Mail as a result of this proceeding are 4.641 and 4.381 percent, respectively. Notice at 25. The Postal Service states that it “is using nearly all available cap space currently to improve cost coverage.” *Id.* Specifically, the Postal Service states that to improve BPM Parcels’ cost coverage, it is proposing an above-average increase for the product, which “should greatly improve BPM Parcels’ cost coverage” in combination with the increase approved in Docket No. R2022-1. *Id.* The Postal Service also notes that it is addressing Media Mail/Library Mail’s non-compensatory status by giving the product an above-average increase, which it asserts should improve the product’s cost coverage in combination with the increase approved in Docket No. R2022-1. *Id.*

## 3. Comments

The Public Representative states that the proposed price increases for BPM Parcels and Media Mail/Library Mail are consistent with the FY 2021 ACD and Order No. 6209. PR Comments at 20-21. No other commenters raise issues pertaining to BPM Parcels’ and Media Mail/Library Mail’s 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 BPM Parcels and Media Mail/Library Mail 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 non-compensatory Package Services products.

The Postal Service has proposed a price increase for the Media Mail/Library Mail product of 4.381 percent, which is above the Package Services class average increase. This is consistent with the Commission's FY 2021 ACD pricing recommendation for Media Mail/Library Mail. See FY 2021 ACD at 43. In addition, the Postal Service has proposed a price increase for the BPM Parcels product of 4.641 percent, which is also above the class average. The Commission recommends that the Postal Service continue to explore pricing strategies aimed at improving the cost coverage of the Package Services 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.

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

The Postal Service asserts that all Package Services workshare discounts comply with 39 C.F.R. part 3030, subpart J because "[a]ll passthroughs [for the Package Services class] will be between 85 and 100 percent following this rate change and therefore in compliance with 39 C.F.R. § 3030.284(e)." Notice at 27.

##### 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 13-14. PostCom states that "the flattening of the per-pound rate for all zones Carrier Route and Presort in BPM Flats diminishes the incentive for drop shipping from non-destination to a destinating [network distribution center (NDC)]/SCF or DDU as the only incentive inheres within the

per-piece rate differentials between non destination and NDC/SCF and the DDU.” PostCom Comments at 4. PostCom suggests that this may reduce the incentive to dropship by as much as 15 percent. *Id.*

#### 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. Two Package Services workshare discounts are proposed to equal their avoided costs and thus will have passthroughs of 100 percent.<sup>71</sup> All other Package Services workshare discounts are set to result in passthroughs of at least 85 percent.<sup>72</sup> 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

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<sup>71</sup> Notice, Attachment B, Excel file “Attachment B R2023-1.xlsx,” tab “Bound Printed Matter Flats.”

<sup>72</sup> Notice at 27; *id.* Attachment B, Excel file “Attachment B R2023-1.xlsx,” tabs “Media Mail & Library Mail,” “Bound Printed Matter Flats,” and “Bound Printed Matter Parcels.”

workshare discounts set below avoided costs result in passthroughs of at least 85 percent, thus complying with 39 C.F.R. § 3030.284.

With regard to PostCom's comments concerning reduced incentives to drop ship certain BPM Flats, the Commission reiterates that all Package Services workshare discounts comply with the requirements of 39 C.F.R. part 3030, subpart J. See PostCom Comments at 4. However, the Commission also encourages the Postal Service to use its pricing flexibility to ensure it sets price differentials to incentivize desired mailer behavior and to work with mailers and consider their concerns as it plans future price adjustments.

#### 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 states that the Postal Service fulfills the requirements of 39 U.S.C. § 3626. PR Comments at 14-15. No other commenter discusses compliance with 39 U.S.C. § 3626. 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, 4.198 percent, which results in 0.064 percent remaining unused price adjustment authority.<sup>73</sup> Table IX-1 shows the percentage price change for each Special Services product as calculated by the Commission.

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<sup>73</sup> As shown in Table II-1, *supra*, the Postal Service has 4.262 percent in available pricing authority. Subtracting the 4.198 percent that the Postal Service is using in this proceeding from its available pricing authority results in 0.064 percent remaining as unused price adjustment authority. See Library Reference PRC-LR-R2023-1-5, Excel file "R2023-1 Special Services CapCalc.xlsx."



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

<b>Special Services Product</b>	<b>Percent Change %</b>
Ancillary Services*	4.016
International Ancillary Services	4.411
Address Management Services	2.026
Caller Service and Reserve Numbers	4.680
Credit Card Authentication	0.000
International Business Reply Mail Service	4.321
Money Orders	6.685
Post Office Box Service	4.513
Stamp Fulfillment Services	4.016
<b>Overall</b>	<b>4.198</b>
<p>* See Library Reference PRC-LR-R2023-1-5 for the entire list of Ancillary Services and their respective price changes.</p> <p>Source: Library Reference PRC-LR-R2023-1-5, Excel file "R2023-1 Special Services CapCalc.xlsx."</p>	

## 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 four adjustments to the hybrid year billing determinants for Special Services. *Id.* at 28-29. First, the Postal Service adjusts the billing determinants to reflect that Signature Confirmation and Certificates of Mailing will no longer be available for returns. *Id.* at 28. The discontinuance of Signature Confirmation and Certificates of Mailing for returns is discussed in Section IX.D., *infra*. Second, the Postal Service adjusts the billing determinants for Correction of Address Lists and ZIP Code Sortation of Address Lists within Address Management Services to reflect that it is discontinuing these services.

*Id.* The discontinuance of Correction of Address Lists and ZIP Code Sortation of Address Lists is discussed in Section IX.D., *infra*. Third, the Postal Service includes the billing determinants for Extended Mail Forwarding in the price cap calculation to reflect that Extended Mail Forwarding was recently approved as a permanent offering under Address Management Services.<sup>74</sup> Fourth, the Postal Service proposes a new method of volume calculation for Registered Mail Number of Handling Charges, Certificates of Mailing Bulk First 1,000, Other Income, and Computerized Delivery Sequence. Notice at 28-29. Previously, the Postal Service calculated volume by dividing the revenue by the most recent price. *Id.* at 29. In this proceeding, the Postal Service proposes to divide quarterly revenue by the price in place during the respective quarter. *Id.*

### 3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative and PostCom state that the planned price adjustments comply with the requirements of the price cap. PR Comments at 9; PostCom Comments at 1.

### 4. Commission Analysis

The Commission finds that the Postal Service's price adjustments for Special Services comply with the price cap limitations specified by 39 C.F.R. part 3030.<sup>75</sup> The Postal Service's planned price adjustment of 4.198 percent is less than the total available authority of 4.262 percent; therefore, the total unused price adjustment

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<sup>74</sup> *Id.* See Docket No. MC2022-40, Order Approving Addition of Extended Mail Forwarding to the Mail Classification Schedule, April 8, 2022 (Order No. 6147).

<sup>75</sup> The Commission notes that it made a manual adjustment to the volume numbers for Signature Confirmation based on the Response to CHIR No. 2, question 11.b. This change did not have a material impact on the calculation of the percentage change in rates. Response to CHIR No. 2, question 11.b. and Excel file "ChIR2 Q11B R2023-1.xlsx;" Library Reference PRC-LR-R2023-1-5, Excel file "R2023-1 Special Services CapCalc.xlsx."

authority available for Special Services after this proceeding is 0.064 percent. The Commission accepts the Postal Service's adjustments to the billing determinants for Special Services as reasonable.

### C. Non-Compensatory Products

#### 1. Introduction

In FY 2021, Money Orders was the only Special Services product that did not cover its attributable costs. FY 2021 ACD at 70. In FY 2021, it had a cost coverage of 88.5 percent. *Id.* In the FY 2021 ACD, the Commission directed "that the Postal Service increase Money Orders' prices by at least 2 percentage points above the class average in each Market Dominant rate adjustment affecting the Special Services class through the issuance of the FY 2022 ACD" consistent with 39 C.F.R. § 3030.221. *Id.* at 71.

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

The proposed percentage change in prices for Money Orders as a result of this proceeding is 6.685 percent. Notice at 27. The Postal Service states that the proposed price increase for Money Orders "amply complies" with the FY 2021 ACD directive. *Id.* at 28.

#### 3. Comments

The Public Representative states that the proposed price increase for Money Orders complies with the FY 2021 ACD directive and 39 C.F.R. § 3030.221. PR Comments at 18. No other commenters raise issues pertaining to Money Orders' 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.<sup>76</sup>

In this price adjustment, the Postal Service has proposed a price increase for the Money Orders product of 6.685 percent, which is more than 2 percentage points above the Special Services class average increase of 4.198 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 2021 ACD directive. See FY 2021 ACD at 71.

#### D. Mail Classification Changes

##### 1. Introduction

The Postal Service proposes to discontinue the Correction of Address Lists and ZIP Code Sortation of Address Lists services under the Address Management Services product.<sup>77</sup> In addition, the Postal Service proposes to discontinue offering Certificate of

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<sup>76</sup> 39 C.F.R. § 3030.127(b); *id.* § 3030.221. See FY 2021 ACD at 71.

<sup>77</sup> See Notice at 28; *id.* Attachment A at 174, 176; Response to CHIR No. 2, question 10. In the Response to CHIR No. 2, the Postal Service confirms additional changes to the MCS language for Address Management Services are needed to fully reflect the discontinuance of the Correction of Address Lists and ZIP Code Sortation of Address Lists services. Response to CHIR No. 2, question 10.c. and Attachment A at 167, 172.

Mailing and Signature Confirmation services under the Ancillary Services product for returns.<sup>78</sup>

## 2. The Postal Service's Position

In the Notice, the Postal Service states that the Correction of Address Lists and ZIP Code Sortation of Address Lists services under the Address Management Services product “will no longer be offered” without further explanation or elaboration. Notice at 28. CHIR No. 2, question 10 was issued to gather information necessary to understand the Postal Service's proposed changes to the Address Management Services product. CHIR No. 2, question 10. In the Response to CHIR No. 2, the Postal Service explains that it proposes discontinuance of the Correction of Address Lists and ZIP Code Sortation of Address Lists services because “[t]hese manual services had extremely low usage and the [P]ostal [S]ervice has electronic alternatives to both services.” Response to CHIR No. 2, question 10.a. The Postal Services states that “[d]ue to the availability of electronic alternatives[,] the Postal Service does not foresee any negative impact on users of these services.” *Id.* question 10.b.

In the Notice, the Postal Service states that the Certificate of Mailing and Signature Confirmation services under the Ancillary Services product “will no longer be available for returns” without further explanation or elaboration. Notice at 28. The Postal Service initially did not propose any changes to the MCS to reflect the discontinuance of these services for returns. *Id.* Attachment A at 138-39, 154. CHIR

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<sup>78</sup> See Notice at 28; Response to CHIR No. 2, question 9. In the Response to CHIR No. 2, the Postal Service identifies that the reference to Parcel Return Service parcels being eligible for Certificate of Mailing should be removed from the MCS. *Id.* question 9.e. and Attachment A at 138. In the Notice, the Postal Service also proposes changes to the MCS that reflect the removal of Special Handling under the Ancillary Services product. Notice, Attachment A at 155. The Commission notes that it has already approved these changes in a separate proceeding, and thus, no changes to the MCS related to Special Handling are necessary in this proceeding. See Docket No. MC2022-51, Order Approving Modification of the Product Description of Ancillary Services on the Market Dominant Product List, May 11, 2022, at 13 (Order No. 6171); MCS § 1505.18. As a result, the Attachment to this Order does not reflect the Postal Service's proposed changes to Special Handling.

No. 2, question 9 was issued to gather information necessary to understand the Postal Service's proposed changes and to assess whether changes to the MCS were needed to reflect the proposed discontinuance of these services. CHIR No. 2, question 9.

In the Response to CHIR No. 2, the Postal Service explains that a package is considered a return if it has a label denoting it is either USPS Returns or Parcel Return Service.<sup>79</sup> The Postal Service states that it “decided to end its Signature Confirmation and Certificates of Mailing offerings for returns due to low usage and to simplify its product offerings.” Response to CHIR No. 2, question 9.a. The Postal Service further explains that “Signature Confirmation and Certificates of Mailing for returns already have low volumes, and the customers that use these services often find the price points confusing and challenging.” *Id.* question 9.b. The Postal Service asserts that “[e]liminating the services will clear up the confusion customers have while purchasing returns services and it will provide customers who choose the Postal Service for return services with a more efficient process.” *Id.* The Postal Service represents that “[t]here will be no impact on competitors because they do not provide similar alternative products.” *Id.* The Postal Service also identifies one change to the MCS needed to reflect that Parcel Return Service packages are no longer eligible to receive Certificate of Mailing service. *Id.* question 9.e. and Attachment A at 138.

### 3. Comments

The Public Representative does not raise substantive concerns about the proposed changes to Address Management Services, Signature Confirmation, and Certificates of Mailing, but he questions whether the changes should have been filed as

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<sup>79</sup> Response to CHIR No. 2, question 9.d. The Commission notes that as of January 22, 2023, Parcel Return Service will no longer be offered as a product with a rate of general applicability but will continue to be offered at negotiated rates through negotiated service agreements. Docket No. MC2022-95, Order Removing Parcel Return Service as a Rate of General Applicability, October 24, 2022 (Order No. 6310).

a material change under 39 C.F.R. § 3040.180. PR Comments at 21-23. No other commenter addresses the planned mail classification changes for the Special Services class.

#### 4. Commission Analysis

The Commission accepts the proposed changes to the MCS with respect to the discontinuance of Correction of Address Lists and ZIP Code Sortation of Address Lists services under the Address Management Services product. No commenter objects to these changes, and the proposed MCS changes will accurately reflect the Postal Service's current offerings.<sup>80</sup> The Commission also accepts the proposed change to the MCS related to the fact that the Certificate of Mailing and Signature Confirmation services under the Ancillary Services product will no longer be available for returns. No commenter objects to this change, and the MCS change proposed in the Response to CHIR No. 2, question 9.e. will improve the accuracy of the MCS and better reflect current offerings. *Id.* question 9.e. and Attachment A at 138.

The Public Representative raises whether these changes should have been filed separately in accordance with 39 C.F.R. § 3040.180. PR Comments at 22-23. In this instance, the Commission elects to allow the filing of these changes in this proceeding. The Response to CHIR No. 2 provided much of the information required in a filing under 39 C.F.R. § 3040.180, and no commenter objects to the substance of these changes. Response to CHIR No. 2, questions 9-10. The Commission has allowed similar classification changes to be proposed within the context of rate adjustment proceedings in the past, particularly when, as here, the classification changes affect the calculation of the percentage change in rates.

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<sup>80</sup> See Notice, Attachment A at 174, 176; Response to CHIR No. 2, question 10.c. and Attachment A at 167, 172.

The Commission notes, however, that the Postal Service provided no information or explanation for its proposed changes in its Notice. See Notice at 28. As the Commission has previously emphasized, “the Commission has a strong interest in ensuring that changes to the MCS are made in an accurate and transparent manner, such that it is clear to participants in Commission proceedings, users of the mail, and the Commission, the precise changes the Postal Service is proposing, the likely effects, and the Postal Service’s rationale for proposing such changes.”<sup>81</sup> This is the second rate adjustment proceeding in a row where the Postal Service has proposed changes to Special Services products without explanation in the Notice. See Order No. 6188 at 102-05. Failing to identify and explain such changes in the notice of rate adjustment not only undermines transparency, but also necessitates the issuance of CHIRs, which add complexity, inefficiency, and delay to a proceeding where the Commission is generally reviewing a significant number of rate and classification changes on an expedited timeline. In future rate adjustment notices, the Postal Service should include information about all proposed changes to the MCS, including detail about the rationale for the changes and their likely effects, or file such changes in a separate proceeding under 39 C.F.R. part 3040. Should the Postal Service continue to include changes to the MCS in rate adjustment proceedings that are not adequately explained and justified in the notice of rate adjustment, the Commission may require that the classification changes be filed in a separate classification proceeding under 39 C.F.R. part 3040 and may also consider whether further requirements to govern proposed classification changes in rate adjustment proceedings are needed.<sup>82</sup>

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<sup>81</sup> Docket Nos. CP2022-22 and CP2022-62, Order Granting in Part the United States Postal Service’s Motions for Clarification of Order Nos. 6071 and 6195, August 15, 2022, at 8 (Order No. 6249).

<sup>82</sup> See *U.S. Postal Serv. v. Postal Regul. Comm’n*, 886 F.3d 1261, 1270-71 (D.C. Cir. 2018) (approving of the Commission’s recognition in Order No. 3670 at 10-11 that “a proposal to remove a product or to make a material change to a product definition requires more careful consideration than an expedited price adjustment review under Section 3622 can provide” (cleaned up)).



## X. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission finds that the Postal Service's planned price adjustments relating to First-Class Mail as identified in the United States Postal Service Notice of Market-Dominant Price Change, filed October 7, 2022, are consistent with applicable law and may take effect as planned.
2. The Commission finds that the Postal Service's planned price adjustments relating to USPS Marketing Mail as identified in the United States Postal Service Notice of Market-Dominant Price Change, filed October 7, 2022, are consistent with applicable law and may take effect as planned.
3. The Commission finds that the Postal Service's planned price adjustments relating to Periodicals as identified in the United States Postal Service Notice of Market-Dominant Price Change, filed October 7, 2022, are consistent with applicable law and may take effect as planned.
4. The Commission finds that the Postal Service's planned price adjustments relating to Package Services as identified in the United States Postal Service Notice of Market-Dominant Price Change, filed October 7, 2022, are consistent with applicable law and may take effect as planned.
5. The Commission finds that the Postal Service's planned price adjustments relating to Special Services as identified in the United States Postal Service Notice of Market-Dominant Price Change, filed October 7, 2022, 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. All revisions are effective January 22, 2023.

By the Commission.

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

<b>Maximum Weight (ounces)</b>	<b>Machinable Letters (\$)</b>
1	<u>0.63</u>
2	<u>0.87</u>
3	<u>1.11</u>
3.5	<u>1.35</u>

\*\*\*\*\*

*Single-Piece Machinable Metered Letters*

<b>Maximum Weight (ounces)</b>	<b>Machinable Letters (\$)</b>
1	<u>0.60</u>
2	<u>0.84</u>
3	<u>1.08</u>
3.5	<u>1.32</u>

*First-Class Mail  
Single-Piece Letters/Postcards**Single-Piece Nonmachinable Stamped Letters<sup>1</sup>*

<b>Maximum Weight (ounces)</b>	<b>Nonmachinable Letters (\$)</b>
1	<u>1.03</u>
2	<u>1.27</u>
3	<u>1.51</u>
3.5	<u>1.75</u>

\*\*\*\*\*

*Single-Piece Nonmachinable Metered Letters*

<b>Maximum Weight (ounces)</b>	<b>Nonmachinable Letters (\$)</b>
1	<u>1.00</u>
2	<u>1.24</u>
3	<u>1.48</u>
3.5	<u>1.72</u>

*Single-Piece QBRM Letters*

<b>Maximum Weight (ounces)</b>	<b>QBRM Letters (\$)</b>
3.5	<u>0.608</u>

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

<b>Maximum Weight (ounces)</b>	<b>Residual Machinable Letters (\$)</b>
1	<u>0.63</u> <sup>1</sup>
2	<u>0.63</u> <sup>1</sup>
3	<u>0.63</u> <sup>1</sup>
3.5	<u>0.63</u> <sup>1</sup>

\*\*\*\*\*

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

<b>Maximum Weight (ounces)</b>	<b>Postcards (\$)</b>	<b>Single-Piece Double Card (\$)</b>
not applicable	<u>0.48</u>	<u>0.96</u>

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*Single-Piece QBRM Postcards*

<b>Maximum Weight (ounces)</b>	<b>QBRM Postcards (\$)</b>
not applicable	<u>0.458</u>

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

<b>Maximum Weight (ounces)</b>	<b>Share Mail Letters (\$)</b>	<b>Share Mail Postcards (\$)</b>
1	<u>0.66</u>	<u>0.50</u>

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

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**1110.4 Optional Features**

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

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- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, ~~2022~~2023 to July 31, ~~2022~~2023)
- Emerging and Advanced Technology Promotion (~~March 1, 2022~~May 1, 2023 to ~~August 31, 2022~~November 30, 2023)
- ~~Earned Value Reply Mail Promotion (April 1, 2022 to June 30, 2022)~~
- Personalized Color Transpromo Promotion (~~July 1, 2022~~February 1, 2023 to ~~December 31, 2022~~July 31, 2023)
- Informed Delivery Promotion (August 1, ~~2022~~2023 to December 31, ~~2022~~2023)
- Reply Mail IMbA Promotion (July 1, 2023 to December 31, 2023)
- Retargeting Mail Promotion (September 1, 2023 to November 30, 2023)

**1110.5 Prices***Automation Letters*

<b>Maximum Weight (ounces)</b>	<b>5-Digit (\$)</b>	<b>AADC (\$)</b>	<b>Mixed AADC (\$)</b>
1	<u>0.471</u>	<u>0.507</u>	<u>0.531</u>
2	<u>0.471</u>	<u>0.507</u>	<u>0.531</u>
3	<u>0.471</u>	<u>0.507</u>	<u>0.531</u>
3.5	<u>0.471</u>	<u>0.507</u>	<u>0.531</u>

First-Class Mail  
Presorted Letters/Postcards*Nonautomation Presorted Machinable Letters*

<b>Maximum Weight (ounces)</b>	<b>AADC (\$)</b>	<b>Mixed AADC (\$)</b>
1	<u>0.513</u>	<u>0.546</u>
2	<u>0.513</u>	<u>0.546</u>
3	<u>0.513</u>	<u>0.546</u>
3.5	<u>0.513</u>	<u>0.546</u>

*Nonmachinable Letters*

<b>Maximum Weight (ounces)</b>	<b>5-Digit (\$)</b>	<b>3-Digit (\$)</b>	<b>Mixed ADC (\$)</b>
1	<u>0.593</u>	<u>0.702</u>	<u>0.825</u>
2	<u>0.593</u>	<u>0.702</u>	<u>0.825</u>
3	<u>0.593</u>	<u>0.702</u>	<u>0.825</u>
3.5	<u>0.593</u>	<u>0.702</u>	<u>0.825</u>

*Automation Postcards*

<b>Maximum Weight (ounces)</b>	<b>5-Digit (\$)</b>	<b>AADC (\$)</b>	<b>Mixed AADC (\$)</b>
not applicable	<u>0.352</u>	<u>0.370</u>	<u>0.381</u>

*Nonautomation Presorted Machinable Postcards*

<b>Maximum Weight (ounces)</b>	<b>Presorted (\$)</b>
not applicable	<u>0.394</u>



*First-Class Mail  
Presorted Letters/Postcards*

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*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion  
(February 1, ~~2022~~2023 to July 31, ~~2022~~2023)*

Provide a ~~four~~five 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~~May 1, 2023 to ~~August 31, 2022~~November 30, 2023)*

Provide a ~~two~~three or ~~three~~four 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~~three percent discount, while technology featuring high barriers to entry will receive a ~~three~~four 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 to June 30, 2022)~~*

~~Provide a \$0.02 per piece rebate for each qualifying Business Reply Mail, Courtesy Reply Mail, and Share Mail piece. Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program. Mailers who have satisfied the Earned Value promotion requirements may apply the credit toward future mailings of First-Class Mail cards, letters, and flats and USPS Marketing Mail letters and flats.~~

*~~Personalized Color Transpromo Promotion (July 1, 2022~~February 1, 2023 to December 31, 2022July 31, 2023)*

Provide a three or four 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 messaging. In addition, in mailpieces sent by a prior year's participant the color messaging 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. Qualifying mail that does not include Courtesy Reply Mail or Business Reply Mail will receive a three percent discount, while mailers receive a four percent discount for Courtesy Reply Mail or Business Reply Mail inclusion. To receive the discount, mailers must comply with the eligibility requirements of the program.

*~~Informed Delivery Promotion (August 1, 2022~~2023 to December 31, 20222023)*

Provide a four percent discount for the mailer and a half percent incentive for the mail preparer 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  
Presorted Letters/Postcards*

*Reply Mail IMbA Promotion (July 1, 2023 to December 31, 2023)*

Provide a three percent discount for mailers that use static IMbA on the qualifying postage for First-Class Mail presort and automation letters sent during the established period. Mailers receive a six percent discount if they use serialized IMbA. Mailers must enroll to participate.

*Retargeting Promotion (September 1, 2023 to November 30, 2023)*

Provide a five percent discount to mailers on qualifying postage for First-Class Mail automation postcards that were mailed as a result of website or app behavior during the established program period. Mailers must be preapproved prior to participation.

**1115**

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**Flats**

1115.4

Optional Features

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

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- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, ~~2022~~2023 to July 31, ~~2022~~2023)
- Emerging and Advanced Technology Promotion (~~March 1, 2022~~May 1, 2023 to ~~August 31, 2022~~November 30, 2023)
- ~~Earned Value Reply Mail Promotion (April 1, 2022 to June 30, 2022)~~
- Informed Delivery Promotion (August 1, ~~2022~~2023 to December 31, ~~2022~~2023)

*First-Class Mail  
Flats*

1115.5 Prices

*Automation Flats*

<b>Maximum Weight (ounces)</b>	<b>5-Digit (\$)</b>	<b>3-Digit (\$)</b>	<b>ADC (\$)</b>	<b>Mixed ADC (\$)</b>
1	<u>0.689</u>	<u>0.896</u>	<u>0.955</u>	<u>1.068</u>
2	<u>0.929</u>	<u>1.136</u>	<u>1.195</u>	<u>1.308</u>
3	<u>1.169</u>	<u>1.376</u>	<u>1.435</u>	<u>1.548</u>
4	<u>1.409</u>	<u>1.616</u>	<u>1.675</u>	<u>1.788</u>
5	<u>1.649</u>	<u>1.856</u>	<u>1.915</u>	<u>2.028</u>
6	<u>1.889</u>	<u>2.096</u>	<u>2.155</u>	<u>2.268</u>
7	<u>2.129</u>	<u>2.336</u>	<u>2.395</u>	<u>2.508</u>
8	<u>2.369</u>	<u>2.576</u>	<u>2.635</u>	<u>2.748</u>
9	<u>2.609</u>	<u>2.816</u>	<u>2.875</u>	<u>2.988</u>
10	<u>2.849</u>	<u>3.056</u>	<u>3.115</u>	<u>3.228</u>
11	<u>3.089</u>	<u>3.296</u>	<u>3.355</u>	<u>3.468</u>
12	<u>3.329</u>	<u>3.536</u>	<u>3.595</u>	<u>3.708</u>
13	<u>3.569</u>	<u>3.776</u>	<u>3.835</u>	<u>3.948</u>

*First-Class Mail  
Flats**Presorted Flats*

<b>Maximum Weight (ounces)</b>	<b>Presorted (\$)</b>
1	<u>1.185</u>
2	<u>1.425</u>
3	<u>1.665</u>
4	<u>1.905</u>
5	<u>2.145</u>
6	<u>2.385</u>
7	<u>2.625</u>
8	<u>2.865</u>
9	<u>3.105</u>
10	<u>3.345</u>
11	<u>3.585</u>
12	<u>3.825</u>
13	<u>4.065</u>

*First-Class Mail  
Flats**Single-Piece Flats<sup>1</sup>*

<b>Maximum Weight (ounces)</b>	<b>Single-Piece (\$)</b>
1	<u>1.26</u>
2	<u>1.50</u>
3	<u>1.74</u>
4	<u>1.98</u>
5	<u>2.22</u>
6	<u>2.46</u>
7	<u>2.70</u>
8	<u>2.94</u>
9	<u>3.18</u>
10	<u>3.42</u>
11	<u>3.66</u>
12	<u>3.90</u>
13	<u>4.14</u>

\*\*\*\*\*

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

<b>Maximum Weight (ounces)</b>	<b>Keys and Identification Devices (\$)</b>
1	<u>4.15</u>
2	<u>4.39</u>
3	<u>4.63</u>
4	<u>4.87</u>
5	<u>5.11</u>
6	<u>5.35</u>
7	<u>5.59</u>
8	<u>5.83</u>
9	<u>6.07</u>
10	<u>6.31</u>
11	<u>6.55</u>
12	<u>6.79</u>
13	<u>7.03</u>
1 (pound)	Priority Mail Retail Zone 4 postage plus <u>1.00</u>
2 (pounds)	Priority Mail Retail Zone 4 postage plus <u>1.00</u>

\*\*\*\*\*

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion  
(February 1, ~~2022~~2023 to July 31, ~~2022~~2023)*

Provide a ~~four~~five 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.



First-Class Mail  
Flats

*Emerging and Advanced Technology Promotion (~~March 1, 2022~~May 1, 2023 to ~~August 31, 2022~~November 30, 2023)*

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

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

~~Provide a \$0.02 per piece rebate for each qualifying Business Reply Mail, Courtesy Reply Mail, and Share Mail piece. Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program. Mailers who have satisfied the Earned Value promotion requirements may apply the credit toward future mailings of First-Class Mail cards, letters, and flats and USPS Marketing Mail letters and flats.~~

*Informed Delivery Promotion (~~August 1, 2022~~2023 to December 31, ~~2022~~2023)*

Provide a four percent discount for the mailer and a half percent incentive for the mail preparer 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 Letters<sup>1</sup>*

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	<u>1.45</u>	<u>1.45</u>	<u>1.45</u>	<u>1.45</u>	<u>1.45</u>	<u>1.45</u>	<u>1.45</u>	<u>1.45</u>	<u>1.45</u>
2	<u>1.45</u>	<u>2.19</u>	<u>2.71</u>	<u>2.71</u>	<u>2.71</u>	<u>2.51</u>	<u>2.51</u>	<u>2.51</u>	<u>2.51</u>
3	<u>2.05</u>	<u>2.90</u>	<u>3.96</u>	<u>3.96</u>	<u>3.96</u>	<u>3.57</u>	<u>3.57</u>	<u>3.57</u>	<u>3.57</u>
3.5	<u>2.65</u>	<u>3.63</u>	<u>5.22</u>	<u>5.22</u>	<u>5.22</u>	<u>4.62</u>	<u>4.62</u>	<u>4.62</u>	<u>4.62</u>

\*\*\*\*\*

*Nonmachinable Letters*

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	<u>1.85</u>	<u>1.85</u>	<u>1.85</u>	<u>1.85</u>	<u>1.85</u>	<u>1.85</u>	<u>1.85</u>	<u>1.85</u>	<u>1.85</u>
2	<u>1.85</u>	<u>2.59</u>	<u>3.11</u>	<u>3.11</u>	<u>3.11</u>	<u>2.91</u>	<u>2.91</u>	<u>2.91</u>	<u>2.91</u>
3	<u>2.45</u>	<u>3.30</u>	<u>4.36</u>	<u>4.36</u>	<u>4.36</u>	<u>3.97</u>	<u>3.97</u>	<u>3.97</u>	<u>3.97</u>
3.5	<u>3.05</u>	<u>4.03</u>	<u>5.62</u>	<u>5.62</u>	<u>5.62</u>	<u>5.02</u>	<u>5.02</u>	<u>5.02</u>	<u>5.02</u>

*Postcards*

Maximum Weight (ounces)	Canada (\$)	Mexico (\$)	All Other Countries (\$)
not applicable	<u>1.45</u>	<u>1.45</u>	<u>1.45</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>2.90</u>	<u>2.90</u>	<u>2.90</u>	<u>2.90</u>	<u>2.90</u>	<u>2.90</u>	<u>2.90</u>	<u>2.90</u>	<u>2.90</u>
2	<u>3.15</u>	<u>3.74</u>	<u>4.06</u>	<u>4.06</u>	<u>4.06</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>
3	<u>3.42</u>	<u>4.58</u>	<u>5.23</u>	<u>5.23</u>	<u>5.23</u>	<u>5.11</u>	<u>5.11</u>	<u>5.11</u>	<u>5.11</u>
4	<u>3.66</u>	<u>5.44</u>	<u>6.43</u>	<u>6.43</u>	<u>6.43</u>	<u>6.22</u>	<u>6.22</u>	<u>6.22</u>	<u>6.22</u>
5	<u>3.93</u>	<u>6.29</u>	<u>7.60</u>	<u>7.60</u>	<u>7.60</u>	<u>7.33</u>	<u>7.33</u>	<u>7.33</u>	<u>7.33</u>
6	<u>4.19</u>	<u>7.13</u>	<u>8.78</u>	<u>8.78</u>	<u>8.78</u>	<u>8.46</u>	<u>8.46</u>	<u>8.46</u>	<u>8.46</u>
7	<u>4.46</u>	<u>8.00</u>	<u>9.96</u>	<u>9.96</u>	<u>9.96</u>	<u>9.56</u>	<u>9.56</u>	<u>9.56</u>	<u>9.56</u>
8	<u>4.72</u>	<u>8.84</u>	<u>11.13</u>	<u>11.13</u>	<u>11.13</u>	<u>10.67</u>	<u>10.67</u>	<u>10.67</u>	<u>10.67</u>
12	<u>6.03</u>	<u>10.67</u>	<u>13.50</u>	<u>13.50</u>	<u>13.50</u>	<u>12.98</u>	<u>12.98</u>	<u>12.98</u>	<u>12.98</u>
15.994	<u>7.33</u>	<u>12.51</u>	<u>15.86</u>	<u>15.86</u>	<u>15.86</u>	<u>15.27</u>	<u>15.27</u>	<u>15.27</u>	<u>15.27</u>

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

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**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, 2022~~May 1, 2023 to ~~August 31, 2022~~November 30, 2023)
- ~~Earned Value Reply Mail Promotion (April 1, 2022 to June 30, 2022)~~
- ~~Mobile Shopping Promotion (September 1, 2022 to December 31, 2022)~~
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, ~~2022~~2023 to July 31, ~~2022~~2023)
- Informed Delivery Promotion (August 1, ~~2022~~2023 to December 31, ~~2022~~2023)

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

## 1205.6 Prices

*Saturation Letters (3.5 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	<u>0.213</u>	<u>0.132</u>
DNDC	<u>0.190</u>	<u>0.109</u>
DSCF	<u>0.183</u>	<u>0.102</u>

*High Density Plus Letters (3.5 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	<u>0.240</u>	<u>0.150</u>
DNDC	<u>0.217</u>	<u>0.127</u>
DSCF	<u>0.210</u>	<u>0.120</u>

*High Density Letters (3.5 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	<u>0.290</u>	<u>0.157</u>
DNDC	<u>0.267</u>	<u>0.134</u>
DSCF	<u>0.260</u>	<u>0.127</u>

\*\*\*\*\*

*Forwarding-and-Return Service*

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.574 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.

\*\*\*\*\*

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

Add \$0.10~~5~~ for each Plus One card mailed with a Saturation Letter marriage mail “host” mailpiece.

*Emerging and Advanced Technology Promotion (March 1, 2022May 1, 2023 to August 31, 2022November 30, 2023)*

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

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

~~Provide a \$0.02 per piece rebate for each qualifying Business Reply Mail, Courtesy Reply Mail, and Share Mail piece. Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program. Mailers who have satisfied the Earned Value promotion requirements may apply the credit toward future mailings of First-Class Mail cards, letters, and flats and USPS Marketing Mail letters and flats.~~

*Mobile Shopping Promotion (September 1, 2022 to December 31, 2022)*

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

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

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion  
(February 1, ~~2022~~2023 to July 31, ~~2022~~2023)*

Provide a ~~four~~five 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 (August 1, ~~2022~~2023 to December 31, ~~2022~~2023)*

Provide a four percent discount for the mailer and a half percent incentive for the mail preparer 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**

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**High Density and Saturation Flats/Parcels**

## 1210.4

## Price Categories

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

\*\*\*\*\*

- Saturation Flats in 5-Digit or 5-Digit Scheme Containers  
DDU, DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
- Saturation Flats on SCF Pallets  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible

\*\*\*\*\*

- High Density Plus Flats in 5-Digit or 5-Digit Scheme Containers  
DDU, DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
- High Density Plus Flats on SCF Pallets  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible

\*\*\*\*\*

- High Density Flats in 5-Digit or 5-Digit Scheme Containers  
DDU, DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
- High Density Flats on SCF Pallets  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible

\*\*\*\*\*



*USPS Marketing Mail (Commercial and Nonprofit)  
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 (~~March 1, 2022~~May 1, 2023 to ~~August 31, 2022~~November 30, 2023)
- ~~Earned Value Reply Mail Promotion: Flats Only (April 1, 2022 to June 30, 2022)~~
- ~~Mobile Shopping Promotion: Flats Only (September 1, 2022 to December 31, 2022)~~
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, ~~2022~~2023 to July 31, ~~2022~~2023)
- Informed Delivery Promotion (August 1, ~~2022~~2023 to December 31, ~~2022~~2023)

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

## 1210.6 Prices

*Saturation Flats (4.0 ounces or less)*

Entry Point	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Origin	<u>0.266</u>	<u>0.265</u>	<u>0.174</u>	<u>0.173</u>
DNDC	<u>0.220</u>	<u>0.219</u>	<u>0.128</u>	<u>0.127</u>
DSCF	<u>0.208</u>	<u>0.207</u>	<u>0.116</u>	<u>0.115</u>
DDU	<u>0.188</u>	<u>0.187</u>	<u>0.096</u>	<u>0.095</u>

*Saturation Flats (greater than 4.0 ounces)*

\*\*\*\*\*

## a. Per Piece

	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Per Piece	<u>0.095</u>	<u>0.094</u>	<u>0.046</u>	<u>0.045</u>

## b. Per Pound

Entry Point	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Origin	<u>0.683</u>	<u>0.683</u>	<u>0.511</u>	<u>0.511</u>
DNDC	<u>0.500</u>	<u>0.500</u>	<u>0.328</u>	<u>0.328</u>
DSCF	<u>0.450</u>	<u>0.450</u>	<u>0.278</u>	<u>0.278</u>
DDU	<u>0.370</u>	<u>0.370</u>	<u>0.198</u>	<u>0.198</u>

*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>0.410</u>	<u>0.473</u>	<u>0.308</u>	<u>0.355</u>
200,001 and above	<u>0.394</u>	<u>0.458</u>	<u>0.297</u>	<u>0.343</u>

## b. Handling Fees for DNDC/DSCF Entry

	Commercial (\$)	Nonprofit (\$)
Entry Point/ Presort	Pallet	Pallet
DNDC – 3-Digit	<u>71.878</u>	<u>57.502</u>
DNDC – 5-Digit	<u>116.871</u>	<u>93.497</u>
DSCF – 5-Digit	<u>54.756</u>	<u>43.961</u>
Pallet Presort	Carton/Sack	Carton/Sack
3-Digit	<u>9.788</u>	<u>7.976</u>

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

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.288</u>	<u>0.194</u>
DNDC	<u>0.242</u>	<u>0.148</u>
DSCF	<u>0.230</u>	<u>0.136</u>
DDU	<u>0.210</u>	<u>0.116</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

	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Per Piece	<u>0.117</u>	<u>0.066</u>

## b. Per Pound

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	<u>0.683</u>	<u>0.511</u>
DNDC	<u>0.500</u>	<u>0.328</u>
DSCF	<u>0.450</u>	<u>0.278</u>
DDU	<u>0.370</u>	<u>0.198</u>

*High Density Flats (4.0 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>	
Origin	<u>0.356</u>	<u>0.265</u>	
DNDC	<u>0.310</u>	<u>0.219</u>	
DSCF	<u>0.298</u>	<u>0.207</u>	
DDU	<u>0.278</u>	<u>0.187</u>	

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

\*\*\*\*\*

## a. Per Piece

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.185</u>	<u>0.137</u>
DNDC	<u>0.185</u>	<u>0.137</u>
DSCF	<u>0.185</u>	<u>0.137</u>
DDU	<u>0.185</u>	<u>0.137</u>

## b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.683</u>	<u>0.511</u>
DNDC	<u>0.500</u>	<u>0.328</u>
DSCF	<u>0.450</u>	<u>0.278</u>
DDU	<u>0.370</u>	<u>0.198</u>

\*\*\*\*\*

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

Saturation and EDDM Flat-shaped pieces in a 5-Digit or 5-Digit Scheme Container receive a discount of \$0.0097.

High Density Plus Flat-shaped pieces in a 5-Digit or 5-Digit Scheme Container receive a discount of \$0.0120.

High Density Flat-shaped pieces in a 5-Digit or 5-Digit Scheme Container receive a discount of \$0.0152.

Saturation and EDDM Flat-shaped pieces prepared on a SCF Pallet receive a discount of \$0.002.

High Density Plus Flat-shaped pieces on a SCF Pallet receive a discount of \$0.007.

High Density Flat-shaped pieces on a SCF Pallet receive a discount of \$0.008

\*\*\*\*\*

*Flat-shaped pieces including a Detached Address Label*

Add \$0.0765 for each piece addressed using a Detached Address Label with no advertising, and \$0.098 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 \$1.9180-per piece and forwarded parcels pay \$6.385-88-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)  
High Density and Saturation Flats/Parcels*

*Emerging and Advanced Technology Promotion (~~March 1, 2022~~May 1, 2023 to ~~August 31, 2022~~November 30, 2023)*

Provide a ~~two~~three or ~~three~~four 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~~three percent discount, while technology featuring high barriers to entry will receive a ~~three~~four 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, 2022 to June 30, 2022)~~*

~~Provide a \$0.02 per piece rebate for each qualifying Business Reply Mail, Courtesy Reply Mail, and Share Mail piece. Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program. Mailers who have satisfied the Earned Value promotion requirements may apply the credit toward future mailings of First-Class Mail cards, letters, and flats and USPS Marketing Mail letters and flats.~~

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

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

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion  
(February 1, ~~2022~~2023 to July 31, ~~2022~~2023)*

Provide a ~~four~~five 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

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

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 (August 1, ~~2022~~2023 to December 31, ~~2022~~2023)*

Provide a four percent discount for the mailer and a half percent incentive for the mail preparer 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**

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**1215.4 Price Categories**

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

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- Flats in 5-Digit or 5-Digit Scheme Containers  
DDU, DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
- Flats on SCF Pallets  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible

\*\*\*\*\*

**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, 2022~~ May 1, 2023 to ~~August 31, 2022~~ November 30, 2023)
- ~~Earned Value Reply Mail Promotion: Letters and Flats Only (April 1, 2022 to June 30, 2022)~~
- ~~Mobile Shopping Promotion: Letters and Flats Only (September 1, 2022 to December 31, 2022)~~
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Letters and Flats Only (February 1, ~~2022~~ 2023 to July 31, ~~2022~~ 2023)
- Informed Delivery Promotion (August 1, ~~2022~~ 2023 to December 31, ~~2022~~ 2023)

USPS Marketing Mail (Commercial and Nonprofit)  
Carrier Route

## 1215.6 Prices

*Carrier Route Letters (3.5 ounces or less)*

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.446</u>	<u>0.313</u>
DNDC	<u>0.423</u>	<u>0.290</u>
DSCF	<u>0.416</u>	<u>0.283</u>

\*\*\*\*\*

*Carrier Route Flats (4.0 ounces or less)*

Entry Point	Commercial (\$)	Nonprofit (\$)	
Origin	<u>0.426</u>	<u>0.335</u>	
DNDC	<u>0.358</u>	<u>0.267</u>	
DSCF	<u>0.352</u>	<u>0.261</u>	
DDU	<u>0.351</u>	<u>0.260</u>	

*Carrier Route Flats (greater than 4.0 ounces)*

\*\*\*\*\*

## a. Per Piece

Entry Point	Commercial (\$)	Nonprofit (\$)	
Origin	<u>0.192</u>	<u>0.143</u>	
DNDC	<u>0.192</u>	<u>0.143</u>	
DSCF	<u>0.192</u>	<u>0.143</u>	
DDU	<u>0.192</u>	<u>0.143</u>	

USPS Marketing Mail (Commercial and Nonprofit)  
Carrier Route

## b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)	
Origin	<u>0.937</u>	<u>0.769</u>	
DNDC	<u>0.665</u>	<u>0.497</u>	
DSCF	<u>0.641</u>	<u>0.473</u>	
DDU	<u>0.637</u>	<u>0.469</u>	

## Carrier Route Parcels

## a. Per Piece

Mailing Volume Tier	Commercial		Nonprofit	
	Small (\$)	Large (\$)	Small (\$)	Large (\$)
0-200,000	<u>0.569</u>	<u>0.630</u>	<u>0.426</u>	<u>0.473</u>
200,001 and above	<u>0.551</u>	<u>0.613</u>	<u>0.415</u>	<u>0.461</u>

## b. Handling Fees for DNDC/DSCF Entry

	Commercial (\$)	Nonprofit (\$)
Entry Point/ Presort	Pallet	Pallet
DNDC – 3-Digit	<u>71.878</u>	<u>57.502</u>
DNDC – 5-Digit	<u>116.871</u>	<u>93.497</u>
DSCF – 5-Digit	<u>54.756</u>	<u>43.961</u>
Pallet Presort	Carton/Sack	Carton/Sack
3-Digit	<u>9.788</u>	<u>7.976</u>

## Containerization Discounts

Carrier Route Flat-shaped pieces in a 5-Digit or 5-Digit Scheme Container receive a discount of \$0.022.

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

Carrier Route Flat-shaped pieces on a SCF Pallet receive a discount of \$0.011.

\*\*\*\*\*

*Forwarding-and-Return Service*

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.574 per piece, forwarded flats pay \$1.9180 per piece, and forwarded parcels pay \$6.385-88 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: Letters and Flats Only*  
~~(March 1, 2022~~May 1, 2023 ~~to August 31, 2022~~November 30, 2023)

Provide a ~~two~~three or ~~three~~four 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~~three percent discount, while technology featuring high barriers to entry will receive a ~~three~~four 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, 2022 to June 30, 2022)*~~

~~Provide a \$0.02 per piece rebate for each qualifying Business Reply Mail, Courtesy Reply Mail, and Share Mail piece. Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program. Mailers who have satisfied the Earned Value promotion requirements may apply the credit~~

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

~~toward future mailings of First-Class Mail cards, letters, and flats and  
USPS Marketing Mail letters and flats.~~

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

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

~~*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion:  
Letters and Flats Only (February 1, 20222023 to July 31, 20222023)*~~

~~Provide a ~~four~~five 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 (August 1, 20222023 to December 31,  
20222023)*~~

~~Provide a four percent discount for the mailer and a half percent incentive  
for the mail preparer 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, 2022~~May 1, 2023 to ~~August 31, 2022~~November 30, 2023)
- ~~Earned Value Reply Mail Promotion (April 1, 2022 to June 30, 2022)~~
- ~~Mobile Shopping Promotion (September 1, to December 31, 2022)~~
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, ~~2022~~2023 to July 31, ~~2022~~2023)
- Informed Delivery Promotion (August 1, ~~2022~~2023 to December 31, ~~2022~~2023)

*USPS Marketing Mail (Commercial and Nonprofit)  
Letters*

## 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>0.305</u>	<u>0.339</u>	<u>0.360</u>	<u>0.158</u>	<u>0.192</u>	<u>0.213</u>
DNDC	<u>0.282</u>	<u>0.316</u>	<u>0.337</u>	<u>0.135</u>	<u>0.169</u>	<u>0.190</u>
DSCF	<u>0.275</u>	<u>0.309</u>	n/a	<u>0.128</u>	<u>0.162</u>	n/a

*Machinable Letters (3.5 ounces or less)*

Entry Point	Commercial		Nonprofit	
	AADC (\$)	Mixed AADC (\$)	AADC (\$)	Mixed AADC (\$)
Origin	<u>0.346</u>	<u>0.366</u>	<u>0.199</u>	<u>0.219</u>
DNDC	<u>0.323</u>	<u>0.343</u>	<u>0.176</u>	<u>0.196</u>
DSCF	<u>0.316</u>	n/a	<u>0.169</u>	n/a

\*\*\*\*\*

*Forwarding-and-Return Service*

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.574 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, 2022~~ May 1, 2023 to August 31, 2022 November 30, 2023)*

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

*USPS Marketing Mail (Commercial and Nonprofit)  
Letters*

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

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

~~Provide a \$0.02 per piece rebate for each qualifying Business Reply Mail, Courtesy Reply Mail, and Share Mail piece. Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program. Mailers who have satisfied the Earned Value promotion requirements may apply the credit toward future mailings of First-Class Mail cards, letters, and flats and USPS Marketing Mail letters and flats.~~

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

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

*~~Tactile, Sensory, and Interactive Mailpiece Engagement Promotion  
(February 1, 20222023 to July 31, 20222023)~~*

Provide a ~~four~~five 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)  
Letters*

*Informed Delivery Promotion (August 1, ~~2022~~2023 to December 31,  
~~2022~~2023)*

Provide a four percent discount for the mailer and a half percent incentive for the mail preparer 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**

## 1225.4

## Price Categories

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

- Automation  
\*\*\*\*\*
  - 5-Digit on SCF Pallets  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
  - 3-Digit  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
  - 3-Digit on SCF Pallets  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible  
\*\*\*\*\*
- Nonautomation
  - ~~Commercial and Nonprofit eligible~~ 5-Digit  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible
  - 5-Digit on SCF Pallets  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible  
\*\*\*\*\*
  - 3-Digit on SCF Pallets  
DSCF, DNDC, and Origin entry levels  
Commercial and Nonprofit eligible  
\*\*\*\*\*

## 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, 2022~~ May 1, 2023 to August 31, 2022 November 30, 2023)
- ~~Earned Value Reply Mail Promotion (April 1, 2022 to June 30, 2022)~~

*USPS Marketing Mail (Commercial and Nonprofit)  
Flats*

- ~~Mobile Shopping Promotion (September 1, 2022 to December 31, 2022)~~
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, ~~2022~~2023 to July 31, ~~2022~~2023)
- Informed Delivery Promotion (August 1, ~~2022~~2023 to December 31, ~~2022~~2023)

## 1225.6 Prices

*Automation Flats (4.0 ounces or less)*

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.572</u>	<u>0.726</u>	<u>0.824</u>	<u>0.896</u>
DNDC	<u>0.503</u>	<u>0.657</u>	<u>0.755</u>	<u>0.827</u>
DSCF	<u>0.483</u>	<u>0.637</u>	<u>0.735</u>	n/a

  

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.357</u>	<u>0.511</u>	<u>0.609</u>	<u>0.681</u>
DNDC	<u>0.288</u>	<u>0.442</u>	<u>0.540</u>	<u>0.612</u>
DSCF	<u>0.268</u>	<u>0.422</u>	<u>0.520</u>	n/a

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

\*\*\*\*\*

## a. Per Piece

<b>Commercial</b>				
<b>Entry Point</b>	<b>5-Digit (\$)</b>	<b>3-Digit (\$)</b>	<b>ADC (\$)</b>	<b>Mixed ADC (\$)</b>
Origin	<u>0.297</u>	<u>0.451</u>	<u>0.549</u>	<u>0.621</u>
DNDC	<u>0.297</u>	<u>0.451</u>	<u>0.549</u>	<u>0.621</u>
DSCF	<u>0.297</u>	<u>0.451</u>	<u>0.549</u>	n/a
<b>Nonprofit</b>				
<b>Entry Point</b>	<b>5-Digit (\$)</b>	<b>3-Digit (\$)</b>	<b>ADC (\$)</b>	<b>Mixed ADC (\$)</b>
Origin	<u>0.122</u>	<u>0.276</u>	<u>0.374</u>	<u>0.446</u>
DNDC	<u>0.122</u>	<u>0.276</u>	<u>0.374</u>	<u>0.446</u>
DSCF	<u>0.122</u>	<u>0.276</u>	<u>0.374</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>1.101</u>	<u>1.101</u>	<u>1.101</u>	<u>1.101</u>
DNDC	<u>0.825</u>	<u>0.825</u>	<u>0.825</u>	<u>0.825</u>
DSCF	<u>0.742</u>	<u>0.742</u>	<u>0.742</u>	n/a

  

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.941</u>	<u>0.941</u>	<u>0.941</u>	<u>0.941</u>
DNDC	<u>0.665</u>	<u>0.665</u>	<u>0.665</u>	<u>0.665</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>0.653</u>	<u>0.778</u>	<u>0.842</u>	<u>0.923</u>
DNDC	<u>0.584</u>	<u>0.709</u>	<u>0.773</u>	<u>0.854</u>
DSCF	<u>0.564</u>	<u>0.689</u>	<u>0.753</u>	n/a

  

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.438</u>	<u>0.563</u>	<u>0.627</u>	<u>0.708</u>
DNDC	<u>0.369</u>	<u>0.494</u>	<u>0.558</u>	<u>0.639</u>
DSCF	<u>0.349</u>	<u>0.474</u>	<u>0.538</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>0.378</u>	<u>0.503</u>	<u>0.567</u>	<u>0.648</u>
DNDC	<u>0.378</u>	<u>0.503</u>	<u>0.567</u>	<u>0.648</u>
DSCF	<u>0.378</u>	<u>0.503</u>	<u>0.567</u>	n/a
Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	<u>0.203</u>	<u>0.328</u>	<u>0.392</u>	<u>0.473</u>
DNDC	<u>0.203</u>	<u>0.328</u>	<u>0.392</u>	<u>0.473</u>
DSCF	<u>0.203</u>	<u>0.328</u>	<u>0.392</u>	n/a

*USPS Marketing Mail (Commercial and Nonprofit)  
Flats*

## b. Per Pound

<b>Commercial</b>				
<b>Entry Point</b>	<b>5-Digit (\$)</b>	<b>3-Digit (\$)</b>	<b>ADC (\$)</b>	<b>Mixed ADC (\$)</b>
Origin	<u>1.101</u>	<u>1.101</u>	<u>1.101</u>	<u>1.101</u>
DNDC	<u>0.825</u>	<u>0.825</u>	<u>0.825</u>	<u>0.825</u>
DSCF	<u>0.742</u>	<u>0.742</u>	<u>0.742</u>	n/a

  

<b>Nonprofit</b>				
<b>Entry Point</b>	<b>5-Digit (\$)</b>	<b>3-Digit (\$)</b>	<b>ADC (\$)</b>	<b>Mixed ADC (\$)</b>
Origin	<u>0.941</u>	<u>0.941</u>	<u>0.941</u>	<u>0.941</u>
DNDC	<u>0.665</u>	<u>0.665</u>	<u>0.665</u>	<u>0.665</u>
DSCF	<u>0.582</u>	<u>0.582</u>	<u>0.582</u>	n/a

\*\*\*\*\*

*Customized MarketMail Prices*

	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Per Piece	<u>0.560</u>	<u>0.415</u>

*USPS Marketing Mail (Commercial and Nonprofit)  
Flats**Containerization Discounts*

3-Digit and 5-Digit (Automation and Nonautomation) Flat-shaped pieces on a SCF Pallet receive a discount of \$0.014.

\*\*\*\*\*

*Forwarding-and-Return Service*

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded flats pay \$1.~~91~~<sup>80</sup> 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, 2022~~ May 1, 2023 to August 31, 2022 November 30, 2023)*

Provide a ~~two~~<sup>three</sup> or ~~three~~<sup>four</sup> 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~~<sup>three</sup> percent discount, while technology featuring high barriers to entry will receive a ~~three~~<sup>four</sup> percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program.

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

~~Provide a \$0.02 per piece rebate for each qualifying Business Reply Mail, Courtesy Reply Mail, and Share Mail piece. Qualifying mailpieces must meet program requirements and be placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or Share Mail card or envelope, and must comply with all other eligibility requirements of the program. Mailers who have satisfied the Earned Value promotion requirements may apply the credit~~



*USPS Marketing Mail (Commercial and Nonprofit)  
Flats*

~~toward future mailings of First-Class Mail cards, letters, and flats and  
USPS Marketing Mail letters and flats.~~

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

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

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion  
(February 1, ~~2022~~2023 to July 31, ~~2022~~2023)*

Provide a ~~four~~five 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 (August 1, ~~2022~~2023 to December 31,  
~~2022~~2023)*

Provide a four percent discount for the mailer and a half percent incentive  
for the mail preparer 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>2.539</u>	<u>3.017</u>	n/a	n/a	<u>2.373</u>	<u>2.851</u>
DNDC	<u>1.108</u>	<u>2.052</u>	<u>2.422</u>	n/a	<u>0.942</u>	<u>1.886</u>	<u>2.256</u>	n/a
DSCF	<u>1.072</u>	<u>2.016</u>	n/a	n/a	<u>0.906</u>	<u>1.850</u>	n/a	n/a
DDU	<u>1.034</u>	n/a	n/a	n/a	<u>0.868</u>	n/a	n/a	n/a

USPS Marketing Mail (Commercial and Nonprofit)  
Parcels

## Marketing Parcels (greater than 3.3 ounces)

\*\*\*\*\*

## a. Per Piece

	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.822</u>	<u>1.766</u>	<u>2.136</u>	<u>2.614</u>	<u>0.702</u>	<u>1.646</u>	<u>2.016</u>	<u>2.494</u>

## b. Per Pound

Entry Point	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Origin	n/a	n/a	<u>1.954</u>	<u>1.954</u>	n/a	n/a	<u>1.731</u>	<u>1.731</u>
DNDC	<u>1.388</u>	<u>1.388</u>	<u>1.388</u>	n/a	<u>1.165</u>	<u>1.165</u>	<u>1.165</u>	n/a
DSCF	<u>1.211</u>	<u>1.211</u>	n/a	n/a	<u>0.988</u>	<u>0.988</u>	n/a	n/a
DDU	<u>1.029</u>	n/a	n/a	n/a	<u>0.806</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

	<b>5-Digit (\$)</b>	<b>NDC (\$)</b>	<b>Mixed NDC (\$)</b>
Per Piece	<u>0.754</u>	<u>1.537</u>	<u>2.100</u>

## b. Per Pound

<b>Entry Point</b>	<b>5-Digit (\$)</b>	<b>NDC (\$)</b>	<b>Mixed NDC (\$)</b>
Origin	n/a	<u>1.703</u>	<u>1.703</u>
DNDC	<u>1.122</u>	<u>1.122</u>	n/a
DSCF	<u>0.870</u>	n/a	n/a
DDU	<u>0.721</u>	n/a	n/a

*Nonprofit Irregular Parcels (3.3 ounces or less)*

<b>Entry Point</b>	<b>5-Digit (\$)</b>	<b>SCF (\$)</b>	<b>NDC (\$)</b>	<b>Mixed NDC (\$)</b>
Origin	n/a	n/a	<u>2.923</u>	<u>3.284</u>
DNDC	<u>0.985</u>	<u>1.971</u>	<u>2.803</u>	n/a
DSCF	<u>0.933</u>	<u>1.919</u>	n/a	n/a
DDU	<u>0.903</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

<b>Entry Point</b>	<b>5-Digit (\$)</b>	<b>SCF (\$)</b>	<b>NDC (\$)</b>	<b>Mixed NDC (\$)</b>
Per Piece	<u>0.754</u>	<u>1.740</u>	<u>2.572</u>	<u>2.933</u>

## b. Per Pound

<b>Entry Point</b>	<b>5-Digit (\$)</b>	<b>SCF (\$)</b>	<b>NDC (\$)</b>	<b>Mixed NDC (\$)</b>
Origin	n/a	n/a	<u>1.703</u>	<u>1.703</u>
DNDC	<u>1.122</u>	<u>1.122</u>	<u>1.122</u>	n/a
DSCF	<u>0.870</u>	<u>0.870</u>	n/a	n/a
DDU	<u>0.721</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 ~~\$6.385-88~~ 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.

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*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>0.189</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)

<b>Presort Level</b>	<b>Letters (\$)</b>	<b>Flats (\$)</b>
5-Digit	0.059	<u>0.198</u>
3-Digit	0.083	<u>0.249</u>
Basic	0.091	<u>0.279</u>

*In-County Nonautomation*

\*\*\*\*\*

a. Pound Prices (per pound or fraction thereof)

\*\*\*\*\*

b. Piece Prices (per addressed piece)

<b>Presort Level</b>	<b>Letters, Flats, and Parcels (\$)</b>
Carrier Route Saturation	0.039
Carrier Route High Density	<u>0.063</u>
Carrier Route Basic	<u>0.094</u>
5-Digit	<u>0.250</u>
3-Digit	<u>0.314</u>
Basic	<u>0.356</u>

*Worksharing Discount for DDU*Each DDU entered piece receives a discount of \$0.0152.*In-County Periodicals including a Ride-Along piece*Add \$0.190 for a Ride-Along item enclosed with or attached to an In-County Periodical.

\*\*\*\*\*



**1310 Outside County Periodicals**

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**1310.4 Price Categories**

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*Container Price*

The container price applies to all Outside County mail prepared in trays, sacks, pallets, or other containers. Sacks will be accepted at all dropship levels if they contain Parcels and only accepted at DSCF, SDC, and DDU if they contain Flats. For containers containing both Periodicals and USPS Marketing Mail pieces, the container price is multiplied by the proportion of weight on the container contributed by the Periodicals pieces. The following price categories are available for the product specified in this section:

## a. Pallet Container Price

\*\*\*\*\*

## b. Sack Container Price

- Carrier Route/5-Digit (Flats allowed at DDU and DSCF only)  
DDU, DSCF, DADC, DNDC, Origin entry levels
- 3-Digit/SCF (Flats allowed at DSCF only)  
DSCF, DADC, DNDC, Origin entry levels
- ADC (Parcels only)  
DADC, DNDC, Origin entry levels
- Mixed ADC (Parcels only)  
Origin entry level

## c. Tray Container Price

\*\*\*\*\*

*Periodicals  
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	<u>0.121</u>	<u>0.091</u>	<u>0.091</u>	<u>0.091</u>
DSCF	<u>0.178</u>	<u>0.134</u>	<u>0.134</u>	<u>0.134</u>
DADC	<u>0.190</u>	<u>0.143</u>	<u>0.143</u>	<u>0.143</u>
Zones 1 & 2	<u>0.297</u>	<u>0.194</u>	<u>0.223</u>	<u>0.194</u>
Zone 3	<u>0.297</u>	<u>0.194</u>	<u>0.223</u>	<u>0.194</u>
Zone 4	<u>0.297</u>	<u>0.194</u>	<u>0.223</u>	<u>0.194</u>
Zone 5	<u>0.297</u>	<u>0.194</u>	<u>0.223</u>	<u>0.194</u>
Zone 6	<u>0.297</u>	<u>0.194</u>	<u>0.223</u>	<u>0.194</u>
Zone 7	<u>0.297</u>	<u>0.194</u>	<u>0.223</u>	<u>0.194</u>
Zone 8	<u>0.297</u>	<u>0.194</u>	<u>0.223</u>	<u>0.194</u>
Zone 9	<u>0.297</u>	<u>0.194</u>	<u>0.223</u>	<u>0.194</u>

*Piece Price (per addressed piece)*

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

Bundle Level	Letters, Flats, and Parcels (\$)
Saturation	<u>0.175</u>
High Density	<u>0.202</u>
Basic	<u>0.235</u>

*Periodicals  
Outside County Periodicals*

## b. Barcoded Letters

<b>Bundle Level</b>	<b>Barcoded Letters (\$)</b>
5-Digit	<u>0.318</u>
3-Digit/SCF	<u>0.342</u>
ADC	<u>0.348</u>
Mixed ADC	<u>0.367</u>

## c. Machinable Flats and Nonbarcoded Letters

<b>Bundle Level</b>	<b>Barcoded Flats (\$)</b>	<b>Nonbarcoded Flats (\$)</b>	<b>Nonbarcoded Letters (\$)</b>
5-Digit	<u>0.434</u>	<u>0.456</u>	<u>0.456</u>
3-Digit/SCF	<u>0.565</u>	<u>0.605</u>	<u>0.605</u>
ADC	<u>0.605</u>	<u>0.650</u>	<u>0.650</u>
Mixed ADC	<u>0.669</u>	<u>0.730</u>	<u>0.730</u>

## d. Nonmachinable Flats and Parcels

<b>Bundle Level</b>	<b>Barcoded Flats (\$)</b>	<b>Nonbarcoded Flats (\$)</b>	<b>Parcels (\$)</b>
5-Digit	<u>0.680</u>	<u>0.682</u>	<u>0.682</u>
3-Digit/SCF	<u>0.781</u>	<u>0.781</u>	<u>0.781</u>
ADC	<u>0.829</u>	<u>0.835</u>	<u>0.835</u>
Mixed ADC	<u>0.954</u>	<u>0.954</u>	<u>0.954</u>

## e. Editorial Adjustment

\*\*\*\*\*

## f. Firm Bundle Piece Price

Firm bundles are charged a single-piece price of \$0.2230.

*Bundle Prices (per bundle)*

Bundle Level	Container Level				
	Carrier Route (\$)	5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
Firm	<u>0.173</u>	<u>0.173</u>	<u>0.458</u>	<u>0.552</u>	<u>0.718</u>
Carrier Route	<u>0.193</u>	<u>0.193</u>	<u>0.703</u>	<u>0.955</u>	<u>1.213</u>
5-Digit		<u>0.399</u>	<u>0.478</u>	<u>0.620</u>	<u>0.928</u>
3-Digit/SFC			<u>0.420</u>	<u>0.565</u>	<u>0.884</u>
ADC				<u>0.455</u>	<u>0.768</u>
Mixed ADC					<u>0.251</u>

*Container Prices (per pallet, tray, or sack)*

## a. Pallet Container

Entry Point	Carrier Route (\$)	5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	3.062				
DSCF	<u>31.238</u>	<u>46.988</u>	<u>28.852</u>		
DADC	<u>57.749</u>	<u>73.499</u>	<u>55.110</u>	<u>30.098</u>	
DNDC	<u>58.368</u>	<u>74.118</u>	<u>55.423</u>	<u>54.831</u>	
Origin	<u>82.009</u>	<u>97.759</u>	<u>77.104</u>	<u>78.797</u>	<u>26.922</u>

*Periodicals  
Outside County Periodicals*

## b. Sack Container

<b>Entry Point</b>	<b>Carrier Route/ 5-Digit (\$)</b>	<b>3-Digit/SCF (\$)</b>	<b>ADC (\$)</b>	<b>Mixed ADC (\$)</b>
DDU	<u>1.640</u>			
DSCF	<u>2.446</u>	<u>1.454</u>		
DADC	<u>4.126</u>	<u>3.501</u>	<u>2.045</u>	
DNDC	<u>4.445</u>	<u>3.660</u>	<u>3.595</u>	
Origin	<u>4.539</u>	<u>3.979</u>	<u>3.998</u>	<u>1.906</u>

## Tray Container

<b>Entry Point</b>	<b>Carrier Route/ 5-Digit (\$)</b>	<b>3-Digit/SCF (\$)</b>	<b>ADC (\$)</b>	<b>Mixed ADC (\$)</b>
DDU	<u>1.478</u>			
DSCF	<u>2.222</u>	<u>1.318</u>		
DADC	<u>3.044</u>	<u>2.414</u>	<u>1.418</u>	
DNDC	<u>3.339</u>	<u>2.520</u>	<u>2.490</u>	
Origin	<u>4.464</u>	<u>3.668</u>	<u>3.827</u>	<u>1.425</u>

*Outside County Periodicals including a Ride-Along piece*

Add \$0.190 for a Ride-Along item enclosed with or attached to an Outside County Periodical.

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

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**1405 Alaska Bypass Service**

\*\*\*\*\*

1405.6 Prices

*Alaska Bypass*

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Maximum Weight (pounds)	Zones 1 & 2 (\$)	
70	<u>32.46</u>	

*Package Services  
Bound Printed Matter Flats***1415 Bound Printed Matter Flats**

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**1415.6 Prices***Carrier Route*

\*\*\*\*\*

**1. Destination Entry**

	<b>DDU</b>	<b>DSCF</b>	<b>DNDC Zones 1 &amp; 2</b>	<b>DNDC Zone 3</b>	<b>DNDC Zone 4</b>	<b>DNDC Zone 5</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Per Piece	<u>0.44</u>	<u>0.655</u>	<u>1.147</u>	<u>1.147</u>	<u>1.147</u>	<u>1.147</u>
Per Pound	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>

**2. Other Than Destination Entry**

	<b>Zones Local 1 &amp; 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Zone 5</b>	<b>Zone 6</b>	<b>Zone 7</b>	<b>Zones 8 &amp; 9</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Per Piece	<u>1.262</u>	<u>1.262</u>	<u>1.262</u>	<u>1.262</u>	<u>1.262</u>	<u>1.262</u>	<u>1.262</u>
Per Pound	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>

*Presorted*

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

	<b>DDU</b>	<b>DSCF</b>	<b>DNDC Zones 1 &amp; 2</b>	<b>DNDC Zone 3</b>	<b>DNDC Zone 4</b>	<b>DNDC Zone 5</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Per Piece	0.595	<u>0.810</u>	<u>1.302</u>	<u>1.302</u>	<u>1.302</u>	<u>1.302</u>
Per Pound	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>

*Package Services  
Bound Printed Matter Flats*

## 2. Other Than Destination Entry

	<b>Zones Local 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zones 8 &amp; 9 (\$)</b>
Per Piece	<u>1.417</u>	<u>1.417</u>	<u>1.417</u>	<u>1.417</u>	<u>1.417</u>	<u>1.417</u>	<u>1.417</u>
Per Pound	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>	<u>0.066</u>

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*Package Services  
Bound Printed Matter Flats**Nonpresorted*

<b>Maximum Weight (pounds)</b>	<b>Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zones 8 &amp; 9 (\$)</b>
1.0	<u>2.38</u>	<u>2.38</u>	<u>2.38</u>	<u>2.38</u>	<u>2.38</u>	<u>2.38</u>	<u>2.38</u>
1.5	<u>2.51</u>	<u>2.51</u>	<u>2.51</u>	<u>2.51</u>	<u>2.51</u>	<u>2.51</u>	<u>2.51</u>
2.0	<u>2.65</u>	<u>2.65</u>	<u>2.65</u>	<u>2.65</u>	<u>2.65</u>	<u>2.65</u>	<u>2.65</u>
2.5	<u>2.80</u>	<u>2.80</u>	<u>2.80</u>	<u>2.80</u>	<u>2.80</u>	<u>2.80</u>	<u>2.80</u>
3.0	<u>2.94</u>	<u>2.94</u>	<u>2.94</u>	<u>2.94</u>	<u>2.94</u>	<u>2.94</u>	<u>2.94</u>
3.5	<u>3.11</u>	<u>3.11</u>	<u>3.11</u>	<u>3.11</u>	<u>3.11</u>	<u>3.11</u>	<u>3.11</u>
4.0	<u>3.29</u>	<u>3.29</u>	<u>3.29</u>	<u>3.29</u>	<u>3.29</u>	<u>3.29</u>	<u>3.29</u>
4.5	<u>3.46</u>	<u>3.46</u>	<u>3.46</u>	<u>3.46</u>	<u>3.46</u>	<u>3.46</u>	<u>3.46</u>
5.0	<u>3.65</u>	<u>3.65</u>	<u>3.65</u>	<u>3.65</u>	<u>3.65</u>	<u>3.65</u>	<u>3.65</u>
6.0	<u>3.85</u>	<u>3.85</u>	<u>3.85</u>	<u>3.85</u>	<u>3.85</u>	<u>3.85</u>	<u>3.85</u>
7.0	<u>4.07</u>	<u>4.07</u>	<u>4.07</u>	<u>4.07</u>	<u>4.07</u>	<u>4.07</u>	<u>4.07</u>
8.0	<u>4.29</u>	<u>4.29</u>	<u>4.29</u>	<u>4.29</u>	<u>4.29</u>	<u>4.29</u>	<u>4.29</u>
9.0	<u>4.53</u>	<u>4.53</u>	<u>4.53</u>	<u>4.53</u>	<u>4.53</u>	<u>4.53</u>	<u>4.53</u>
10.0	<u>4.77</u>	<u>4.77</u>	<u>4.77</u>	<u>4.77</u>	<u>4.77</u>	<u>4.77</u>	<u>4.77</u>
11.0	<u>5.04</u>	<u>5.04</u>	<u>5.04</u>	<u>5.04</u>	<u>5.04</u>	<u>5.04</u>	<u>5.04</u>
12.0	<u>5.31</u>	<u>5.31</u>	<u>5.31</u>	<u>5.31</u>	<u>5.31</u>	<u>5.31</u>	<u>5.31</u>
13.0	<u>5.61</u>	<u>5.61</u>	<u>5.61</u>	<u>5.61</u>	<u>5.61</u>	<u>5.61</u>	<u>5.61</u>
14.0	<u>5.91</u>	<u>5.91</u>	<u>5.91</u>	<u>5.91</u>	<u>5.91</u>	<u>5.91</u>	<u>5.91</u>
15.0	<u>6.24</u>	<u>6.24</u>	<u>6.24</u>	<u>6.24</u>	<u>6.24</u>	<u>6.24</u>	<u>6.24</u>

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*Forwarding-and-Return-Service*

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded flats pay ~~\$3.50~~3.65 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.



	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>0.988</u>	<u>1.220</u>	<u>1.713</u>	<u>1.713</u>	<u>1.713</u>	<u>1.713</u>
Per Pound	<u>0.068</u>	<u>0.078</u>	<u>0.148</u>	<u>0.148</u>	<u>0.148</u>	<u>0.148</u>

[illegible]

*Package Services  
Bound Printed Matter Parcels**Nonpresorted*

<b>Maximum Weight (pounds)</b>	<b>Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zones 8 &amp; 9 (\$)</b>
1.0	<u>3.75</u>	<u>3.75</u>	<u>3.75</u>	<u>3.75</u>	<u>3.75</u>	<u>3.75</u>	<u>3.75</u>
1.5	<u>3.84</u>	<u>3.84</u>	<u>3.84</u>	<u>3.84</u>	<u>3.84</u>	<u>3.84</u>	<u>3.84</u>
2.0	<u>3.94</u>	<u>3.94</u>	<u>3.94</u>	<u>3.94</u>	<u>3.94</u>	<u>3.94</u>	<u>3.94</u>
2.5	<u>4.11</u>	<u>4.11</u>	<u>4.11</u>	<u>4.11</u>	<u>4.11</u>	<u>4.11</u>	<u>4.11</u>
3.0	<u>4.28</u>	<u>4.28</u>	<u>4.28</u>	<u>4.28</u>	<u>4.28</u>	<u>4.28</u>	<u>4.28</u>
3.5	<u>4.48</u>	<u>4.48</u>	<u>4.48</u>	<u>4.48</u>	<u>4.48</u>	<u>4.48</u>	<u>4.48</u>
4.0	<u>4.65</u>	<u>4.65</u>	<u>4.65</u>	<u>4.65</u>	<u>4.65</u>	<u>4.65</u>	<u>4.65</u>
4.5	<u>4.83</u>	<u>4.83</u>	<u>4.83</u>	<u>4.83</u>	<u>4.83</u>	<u>4.83</u>	<u>4.83</u>
5.0	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>
6.0	<u>5.36</u>	<u>5.36</u>	<u>5.36</u>	<u>5.36</u>	<u>5.36</u>	<u>5.36</u>	<u>5.36</u>
7.0	<u>5.73</u>	<u>5.73</u>	<u>5.73</u>	<u>5.73</u>	<u>5.73</u>	<u>5.73</u>	<u>5.73</u>
8.0	<u>6.08</u>	<u>6.08</u>	<u>6.08</u>	<u>6.08</u>	<u>6.08</u>	<u>6.08</u>	<u>6.08</u>
9.0	<u>6.44</u>	<u>6.44</u>	<u>6.44</u>	<u>6.44</u>	<u>6.44</u>	<u>6.44</u>	<u>6.44</u>
10.0	<u>6.78</u>	<u>6.78</u>	<u>6.78</u>	<u>6.78</u>	<u>6.78</u>	<u>6.78</u>	<u>6.78</u>
11.0	<u>7.18</u>	<u>7.18</u>	<u>7.18</u>	<u>7.18</u>	<u>7.18</u>	<u>7.18</u>	<u>7.18</u>
12.0	<u>7.51</u>	<u>7.51</u>	<u>7.51</u>	<u>7.51</u>	<u>7.51</u>	<u>7.51</u>	<u>7.51</u>
13.0	<u>7.87</u>	<u>7.87</u>	<u>7.87</u>	<u>7.87</u>	<u>7.87</u>	<u>7.87</u>	<u>7.87</u>
14.0	<u>8.24</u>	<u>8.24</u>	<u>8.24</u>	<u>8.24</u>	<u>8.24</u>	<u>8.24</u>	<u>8.24</u>
15.0	<u>8.60</u>	<u>8.60</u>	<u>8.60</u>	<u>8.60</u>	<u>8.60</u>	<u>8.60</u>	<u>8.60</u>

*Pickup On Demand Service*Add ~~\$25.00~~26.00 for each Pickup On Demand stop.

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

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1425.6 Prices

*Media Mail*

<b>Maximum Weight (pounds)</b>	<b>5-Digit (\$)</b>	<b>Basic (\$)</b>	<b>Single-Piece (\$)</b>
1	<u>2.32</u>	<u>3.42</u>	<u>3.65</u>
2	<u>3.02</u>	<u>4.12</u>	<u>4.35</u>
3	<u>3.72</u>	<u>4.82</u>	<u>5.05</u>
4	<u>4.42</u>	<u>5.52</u>	<u>5.75</u>
5	<u>5.12</u>	<u>6.22</u>	<u>6.45</u>
6	<u>5.82</u>	<u>6.92</u>	<u>7.15</u>
7	<u>6.52</u>	<u>7.62</u>	<u>7.85</u>
8	<u>7.22</u>	<u>8.32</u>	<u>8.55</u>
9	<u>7.92</u>	<u>9.02</u>	<u>9.25</u>
10	<u>8.62</u>	<u>9.72</u>	<u>9.95</u>
11	<u>9.32</u>	<u>10.42</u>	<u>10.65</u>
12	<u>10.02</u>	<u>11.12</u>	<u>11.35</u>
13	<u>10.72</u>	<u>11.82</u>	<u>12.05</u>
14	<u>11.42</u>	<u>12.52</u>	<u>12.75</u>
15	<u>12.12</u>	<u>13.22</u>	<u>13.45</u>
16	<u>12.82</u>	<u>13.92</u>	<u>14.15</u>
17	<u>13.52</u>	<u>14.62</u>	<u>14.85</u>
18	<u>14.22</u>	<u>15.32</u>	<u>15.55</u>
19	<u>14.92</u>	<u>16.02</u>	<u>16.25</u>
20	<u>15.62</u>	<u>16.72</u>	<u>16.95</u>
21	<u>16.32</u>	<u>17.42</u>	<u>17.65</u>
22	<u>17.02</u>	<u>18.12</u>	<u>18.35</u>
23	<u>17.72</u>	<u>18.82</u>	<u>19.05</u>
24	<u>18.42</u>	<u>19.52</u>	<u>19.75</u>
25	<u>19.12</u>	<u>20.22</u>	<u>20.45</u>

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

<b>Maximum Weight (pounds)</b>	<b>5-Digit (\$)</b>	<b>Basic (\$)</b>	<b>Single-Piece (\$)</b>
26	<u>19.82</u>	<u>20.92</u>	<u>21.15</u>
27	<u>20.52</u>	<u>21.62</u>	<u>21.85</u>
28	<u>21.22</u>	<u>22.32</u>	<u>22.55</u>
29	<u>21.92</u>	<u>23.02</u>	<u>23.25</u>
30	<u>22.62</u>	<u>23.72</u>	<u>23.95</u>
31	<u>23.32</u>	<u>24.42</u>	<u>24.65</u>
32	<u>24.02</u>	<u>25.12</u>	<u>25.35</u>
33	<u>24.72</u>	<u>25.82</u>	<u>26.05</u>
34	<u>25.42</u>	<u>26.52</u>	<u>26.75</u>
35	<u>26.12</u>	<u>27.22</u>	<u>27.45</u>
36	<u>26.82</u>	<u>27.92</u>	<u>28.15</u>
37	<u>27.52</u>	<u>28.62</u>	<u>28.85</u>
38	<u>28.22</u>	<u>29.32</u>	<u>29.55</u>
39	<u>28.92</u>	<u>30.02</u>	<u>30.25</u>
40	<u>29.62</u>	<u>30.72</u>	<u>30.95</u>
41	<u>30.32</u>	<u>31.42</u>	<u>31.65</u>
42	<u>31.02</u>	<u>32.12</u>	<u>32.35</u>
43	<u>31.72</u>	<u>32.82</u>	<u>33.05</u>
44	<u>32.42</u>	<u>33.52</u>	<u>33.75</u>
45	<u>33.12</u>	<u>34.22</u>	<u>34.45</u>
46	<u>33.82</u>	<u>34.92</u>	<u>35.15</u>
47	<u>34.52</u>	<u>35.62</u>	<u>35.85</u>
48	<u>35.22</u>	<u>36.32</u>	<u>36.55</u>
49	<u>35.92</u>	<u>37.02</u>	<u>37.25</u>
50	<u>36.62</u>	<u>37.72</u>	<u>37.95</u>

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

<b>Maximum Weight (pounds)</b>	<b>5-Digit (\$)</b>	<b>Basic (\$)</b>	<b>Single-Piece (\$)</b>
51	<u>37.32</u>	<u>38.42</u>	<u>38.65</u>
52	<u>38.02</u>	<u>39.12</u>	<u>39.35</u>
53	<u>38.72</u>	<u>39.82</u>	<u>40.05</u>
54	<u>39.42</u>	<u>40.52</u>	<u>40.75</u>
55	<u>40.12</u>	<u>41.22</u>	<u>41.45</u>
56	<u>40.82</u>	<u>41.92</u>	<u>42.15</u>
57	<u>41.52</u>	<u>42.62</u>	<u>42.85</u>
58	<u>42.22</u>	<u>43.32</u>	<u>43.55</u>
59	<u>42.92</u>	<u>44.02</u>	<u>44.25</u>
60	<u>43.62</u>	<u>44.72</u>	<u>44.95</u>
61	<u>44.32</u>	<u>45.42</u>	<u>45.65</u>
62	<u>45.02</u>	<u>46.12</u>	<u>46.35</u>
63	<u>45.72</u>	<u>46.82</u>	<u>47.05</u>
64	<u>46.42</u>	<u>47.52</u>	<u>47.75</u>
65	<u>47.12</u>	<u>48.22</u>	<u>48.45</u>
66	<u>47.82</u>	<u>48.92</u>	<u>49.15</u>
67	<u>48.52</u>	<u>49.62</u>	<u>49.85</u>
68	<u>49.22</u>	<u>50.32</u>	<u>50.55</u>
69	<u>49.92</u>	<u>51.02</u>	<u>51.25</u>
70	<u>50.62</u>	<u>51.72</u>	<u>51.95</u>

Package Services  
Media Mail/Library Mail*Library Mail*

<b>Maximum Weight (pounds)</b>	<b>5-Digit (\$)</b>	<b>Basic (\$)</b>	<b>Single-Piece (\$)</b>
1	<u>2.20</u>	<u>3.25</u>	<u>3.47</u>
2	<u>2.86</u>	<u>3.91</u>	<u>4.13</u>
3	<u>3.52</u>	<u>4.57</u>	<u>4.79</u>
4	<u>4.18</u>	<u>5.23</u>	<u>5.45</u>
5	<u>4.84</u>	<u>5.89</u>	<u>6.11</u>
6	<u>5.50</u>	<u>6.55</u>	<u>6.77</u>
7	<u>6.16</u>	<u>7.21</u>	<u>7.43</u>
8	<u>6.82</u>	<u>7.87</u>	<u>8.09</u>
9	<u>7.48</u>	<u>8.53</u>	<u>8.75</u>
10	<u>8.14</u>	<u>9.19</u>	<u>9.41</u>
11	<u>8.80</u>	<u>9.85</u>	<u>10.07</u>
12	<u>9.46</u>	<u>10.51</u>	<u>10.73</u>
13	<u>10.12</u>	<u>11.17</u>	<u>11.39</u>
14	<u>10.78</u>	<u>11.83</u>	<u>12.05</u>
15	<u>11.44</u>	<u>12.49</u>	<u>12.71</u>
16	<u>12.10</u>	<u>13.15</u>	<u>13.37</u>
17	<u>12.76</u>	<u>13.81</u>	<u>14.03</u>
18	<u>13.42</u>	<u>14.47</u>	<u>14.69</u>
19	<u>14.08</u>	<u>15.13</u>	<u>15.35</u>
20	<u>14.74</u>	<u>15.79</u>	<u>16.01</u>
21	<u>15.40</u>	<u>16.45</u>	<u>16.67</u>
22	<u>16.06</u>	<u>17.11</u>	<u>17.33</u>
23	<u>16.72</u>	<u>17.77</u>	<u>17.99</u>
24	<u>17.38</u>	<u>18.43</u>	<u>18.65</u>
25	<u>18.04</u>	<u>19.09</u>	<u>19.31</u>



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

<b>Maximum Weight (pounds)</b>	<b>5-Digit (\$)</b>	<b>Basic (\$)</b>	<b>Single-Piece (\$)</b>
26	<u>18.70</u>	<u>19.75</u>	<u>19.97</u>
27	<u>19.36</u>	<u>20.41</u>	<u>20.63</u>
28	<u>20.02</u>	<u>21.07</u>	<u>21.29</u>
29	<u>20.68</u>	<u>21.73</u>	<u>21.95</u>
30	<u>21.34</u>	<u>22.39</u>	<u>22.61</u>
31	<u>22.00</u>	<u>23.05</u>	<u>23.27</u>
32	<u>22.66</u>	<u>23.71</u>	<u>23.93</u>
33	<u>23.32</u>	<u>24.37</u>	<u>24.59</u>
34	<u>23.98</u>	<u>25.03</u>	<u>25.25</u>
35	<u>24.64</u>	<u>25.69</u>	<u>25.91</u>
36	<u>25.30</u>	<u>26.35</u>	<u>26.57</u>
37	<u>25.96</u>	<u>27.01</u>	<u>27.23</u>
38	<u>26.62</u>	<u>27.67</u>	<u>27.89</u>
39	<u>27.28</u>	<u>28.33</u>	<u>28.55</u>
40	<u>27.94</u>	<u>28.99</u>	<u>29.21</u>
41	<u>28.60</u>	<u>29.65</u>	<u>29.87</u>
42	<u>29.26</u>	<u>30.31</u>	<u>30.53</u>
43	<u>29.92</u>	<u>30.97</u>	<u>31.19</u>
44	<u>30.58</u>	<u>31.63</u>	<u>31.85</u>
45	<u>31.24</u>	<u>32.29</u>	<u>32.51</u>
46	<u>31.90</u>	<u>32.95</u>	<u>33.17</u>
47	<u>32.56</u>	<u>33.61</u>	<u>33.83</u>
48	<u>33.22</u>	<u>34.27</u>	<u>34.49</u>
49	<u>33.88</u>	<u>34.93</u>	<u>35.15</u>
50	<u>34.54</u>	<u>35.59</u>	<u>35.81</u>

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

<b>Maximum Weight (pounds)</b>	<b>5-Digit (\$)</b>	<b>Basic (\$)</b>	<b>Single-Piece (\$)</b>
51	<u>35.20</u>	<u>36.25</u>	<u>36.47</u>
52	<u>35.86</u>	<u>36.91</u>	<u>37.13</u>
53	<u>36.52</u>	<u>37.57</u>	<u>37.79</u>
54	<u>37.18</u>	<u>38.23</u>	<u>38.45</u>
55	<u>37.84</u>	<u>38.89</u>	<u>39.11</u>
56	<u>38.50</u>	<u>39.55</u>	<u>39.77</u>
57	<u>39.16</u>	<u>40.21</u>	<u>40.43</u>
58	<u>39.82</u>	<u>40.87</u>	<u>41.09</u>
59	<u>40.48</u>	<u>41.53</u>	<u>41.75</u>
60	<u>41.14</u>	<u>42.19</u>	<u>42.41</u>
61	<u>41.80</u>	<u>42.85</u>	<u>43.07</u>
62	<u>42.46</u>	<u>43.51</u>	<u>43.73</u>
63	<u>43.12</u>	<u>44.17</u>	<u>44.39</u>
64	<u>43.78</u>	<u>44.83</u>	<u>45.05</u>
65	<u>44.44</u>	<u>45.49</u>	<u>45.71</u>
66	<u>45.10</u>	<u>46.15</u>	<u>46.37</u>
67	<u>45.76</u>	<u>46.81</u>	<u>47.03</u>
68	<u>46.42</u>	<u>47.47</u>	<u>47.69</u>
69	<u>47.08</u>	<u>48.13</u>	<u>48.35</u>
70	<u>47.74</u>	<u>48.79</u>	<u>49.01</u>

*Pickup On Demand Service*Add ~~\$25.00~~26.00 for each Pickup On Demand stop.

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**1500 Special Services**

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

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**1505.1.2 Prices**

	<b>(\$)</b>
Manual correction, each	
First-Class Mail or First-Class Package Service piece, on- piece correction only	0.00
Other	<u>0.74</u>
Electronic correction, each	
First-Class Mail or First-Class Package Service piece	0.17
Other	<u>0.38</u>
Automated correction (Letters Only)	
First-Class Mail piece	
First two notices, for a given address change, each	<u>0.12</u>
Additional notices, for a given address change, each	<u>0.19</u>
USPS Marketing Mail piece	
First two notices, for a given address change, each	<u>0.15</u>
Additional notices, for a given address change, each	<u>0.35</u>
Full-service correction, each	0.00

**1505.2 Applications and Mailing Permits**

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**1505.2.2 Prices**

	<b>(\$)</b>
First-Class Mail Presort Mailing Fee (per year)	<u>290.00</u>
USPS Marketing Mail Mailing Fee (per year)	<u>290.00</u>
Periodicals Application Fees (one-time only for each)	
A. Original Entry	<u>890.00</u>
B. Re-entry	<u>115.00</u>
C. Registration for News Agents	<u>115.00</u>
Bound Printed Matter: Destination Entry Mailing Fee (per year) <sub>1</sub>	<u>290.00</u>
Application to Use Permit Imprint (one-time only)	<u>290.00</u>

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**1505.3 Business Reply Mail**

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**1505.3.2 Prices**

	<b>(\$)</b>
Permit (All categories)	<u>290.00<sup>1</sup></u>
Regular (no account maintenance fee)	
Per-piece charge	<u>1.00</u>
Regular (with account maintenance fee)	
Account maintenance (per year)	<u>860.00</u>
Per-piece charge	<u>0.120</u>
Qualified Business Reply Mail, low-volume	
Account maintenance (per year)	<u>860.00</u>
Per-piece charge	<u>0.087</u>
Qualified Business Reply Mail, high-volume	
Account maintenance (per year)	<u>860.00</u>
Quarterly	<u>2,970.00</u>
Per-piece charge	0.018
Bulk Weight Averaged (Non-letters only)	
Account maintenance (per year)	<u>860.00</u>
Per-piece charge	0.025
Monthly maintenance	<u>1,455.00</u>

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**1505.5 Certified Mail**

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**1505.5.2 Prices**

(Per piece)	(\$)
Certified Mail	<u>4.15</u>
Certified Mail with Restricted Delivery and/or Adult Signature	<u>10.80</u>

**1505.6 Certificate of Mailing****1505.6.1 Description**

\*\*\*\*\*

- b. Certificate of Mailing (Forms 3817 and 3665): furnishes evidence that pieces addressed to specific individuals were presented to the Postal Service for mailing using First-Class Mail, First-Class Package Service, Priority Mail, Package Services, ~~Parcel Return Service~~, and USPS Retail Ground.

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**1505.6.2 Prices***Individual Piece Prices*

	<b>(\$)</b>
Original Certificate of Mailing, Form 3817, individual article presented at retail	<u>1.85</u>
Three or more pieces individually listed on Form 3665-Firm or USPS approved customer provided manifest (per piece listed)	<u>0.54</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>1.85</u>

*Quantity of Pieces*

	<b>(\$)</b>
Up to 1,000 identical-weight pieces (one Form 3606 for total number)	<u>10.35</u>
Each additional 1,000 identical-weight pieces or fraction thereof	<u>1.35</u>
Each additional copy of the original Form 3606	<u>1.85</u>

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

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**1505.7.2 Prices**

(\$)		(\$)	(\$)
Amount to be collected, or insurance coverage desired, whichever is higher:			
0.01	to	50.00	<u>9.60</u>
50.01	to	100.00	<u>11.90</u>
100.01	to	200.00	<u>14.50</u>
200.01	to	300.00	<u>17.10</u>
300.01	to	400.00	<u>19.70</u>
400.01	to	500.00	<u>22.30</u>
500.01	to	600.00	<u>24.90</u>
600.01	to	700.00	<u>27.50</u>
700.01	to	800.00	<u>30.10</u>
800.01	to	900.00	<u>32.70</u>
900.01	to	1,000.00	<u>35.30</u>
Additional Fees for Optional Features:			
COD Restricted Delivery			<u>6.55</u>



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

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**1505.9.2 Prices***Merchandise Coverage<sup>1, 2, 3</sup>*

(\$)		(\$)		(\$)
0.01	to	50.00		<u>2.65</u>
50.01	to	100.00		<u>3.40</u>
100.01	to	200.00		<u>4.30</u>
200.01	to	300.00		<u>5.65</u>
300.01	to	400.00		<u>7.10</u>
400.01	to	500.00		<u>8.60</u>
500.01	to	600.00		<u>11.50</u>
600.01	to	5,000.00		<u>11.50</u> plus <u>1.75</u> for each 100.00 or fraction thereof over 600.00
Additional Fee for Optional Feature				
Insurance Restricted Delivery				<u>6.55</u>

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**1505.11 Parcel Airlift (PAL)**

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## 1505.11.2 Prices

	(\$)
For pieces weighing:	
Not more than 2 pounds	<u>1.10</u>
Over 2 but not more than 3 pounds	<u>1.85</u>
Over 3 but not more than 4 pounds	<u>2.50</u>
Over 4 but not more than 30 pounds	<u>3.25</u>

**1505.12 Registered Mail**

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**1505.12.2 Prices**

(\$)		(\$)	(\$)
Declared Value:			
0.00			<u>15.25</u>
0.01	to	100.00	<u>15.90</u>
100.01	to	500.00	<u>18.30</u>
500.01	to	1,000.00	<u>20.35</u>
1,000.01	to	2,000.00	<u>22.40</u>
2,000.01	to	3,000.00	<u>24.45</u>
3,000.01	to	4,000.00	<u>26.50</u>
4,000.01	to	5,000.00	<u>28.55</u>
5000.01	to	15,000,000.00	<u>28.55</u> plus <u>2.05</u> for each 1000.00 or fraction thereof over 5,000.00
Greater than		15,000,000.00	<u>30,768.30</u> plus amount determined by the Postal Service based on weight, space, and value
Additional Fees for Optional Features:			
Registered Mail Restricted Delivery			<u>6.55</u>
Registered COD			<u>7.35</u>

**1505.13      Return Receipt**

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**1505.13.2      Prices**

	<b>(\$)</b>
Original signature (hardcopy)	<u><b>3.35</b></u>
Copy of signature (electronic)	<u><b>2.10</b></u>

*Special Services*  
*Ancillary Services*

**1505.16 Shipper-Paid Forwarding/Return**

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1505.16.2 Prices

	(\$)
Account Maintenance Fee (per year)	<u>860.00</u>

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

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**1505.17.2      Prices**

	<b>(\$)</b>
Electronic	<u>3.25</u>
Retail	<u>3.80</u>
Additional Fee for Optional Feature: Signature Confirmation Restricted Delivery	<u>6.55</u>

**1505.19      Stamped Envelopes**

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**1505.19.2      Prices**

	<b>(\$)</b>
Plain stamped envelopes	
Basic, size 6-3/4, each	<u>0.17</u>
Basic, size 6-3/4, 500	<u>21.80</u>
Basic, over size 6-3/4, each	<u>0.17</u>
Basic, over size 6-3/4, 500	<u>24.80</u>
Personalized stamped envelopes	
Basic, size 6-3/4, 50	<u>7.25</u>
Basic, size 6-3/4, 500	<u>33.35</u>
Basic, over size 6-3/4, 50	<u>7.25</u>
Basic, over size 6-3/4, 500	<u>37.80</u>
Additional Charges for premium options, per 50 envelopes	
Pressure-sensitive sealing	<u>6.60</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>1.35</u>
Window	<u>1.35</u>
Additional Charges for premium options, per 500 envelopes	
Pressure-sensitive sealing	<u>19.25</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>2.75</u>
Window	<u>2.75</u>

*Special Services  
Ancillary Services*

	<b>(\$)</b>
Shipping—Boxes of 50	
1 box	<u>6.75</u>
2 boxes	<u>8.25</u>
3 boxes	<u>9.75</u>
4 boxes	<u>11.00</u>
5 boxes	<u>13.55</u>
6 boxes	<u>14.55</u>
7 boxes	<u>16.15</u>
8 boxes	<u>17.75</u>
9 or more boxes	<u>20.20</u>
Shipping—Boxes of 500	
1 box	<u>12.40</u>
2 or more boxes	<u>20.20</u>



**1505.20      Stamped Cards**

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**1505.20.2      Prices**

	<b>(\$)</b>
Single card	0.05
Double reply-paid card	0.10
Sheet of 40 cards (uncut)	2.00
Pack of 10 sheets of 4 cards each	<u>2.35</u>
<b>Premium Options (Additional Charge)</b>	<b>(\$)</b>
Per order of 250 cards	
Printing of return address	<u>23.85</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>1.20</u>
Monogram	<u>1.20</u>
4-Color logo – first 250 cards	<u>98.00</u>
4-Color logo – additional 250 cards	<u>6.05</u>
Per Order of 1,000 cards	
Printing of return address	<u>59.00</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>2.40</u>
Monogram	<u>2.40</u>
4-Color logo – first 1,000 cards	<u>103.00</u>
4-Color logo – additional 1,000 cards	<u>12.15</u>

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

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**1510.1.2 Prices***Individual Piece Prices*

	<b>(\$)</b>
Original certificate of mailing for listed pieces of ordinary Single-Piece First-Class Mail International items	<u>1.85</u>
Three or more pieces individually listed in a firm mailing book or an approved customer provided manifest (per piece)	<u>0.54</u>
Each additional copy of original certificate of mailing or firm mailing bills (each copy)	<u>1.85</u>

*Multiple Piece Prices*

	<b>(\$)</b>
Up to 1,000 identical-weight pieces (one certificate for total number)	<u>10.40</u>
Each additional 1,000 identical-weight pieces or fraction thereof	<u>1.35</u>
Duplicate copy	<u>1.85</u>

*Special Services  
International Ancillary Services*

**1510.2 International Registered Mail**

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**1510.2.2 Prices**

*Outbound International Registered Mail Prices*

	<b>(\$)</b>
Per Piece	<u>19.05</u>

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**1510.3 International Return Receipt**

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**1510.3.2 Prices**

*Outbound International Return Receipt Prices*

	<b>(\$)</b>
Per Piece	<u><b>5.30</b></u>

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*Special Services*  
*International Ancillary Services***1510.4       Customs Clearance and Delivery Fee**

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**1510.4.2       Prices**

	<b>(\$)</b>
Per Dutiable Item	<u><b>7.85</b></u>

*Special Services*  
*Address Management Services*

**1515 Address Management Services**

1515.1 Description

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*Correction of Address Lists*

~~— Correction of Address Lists service provides current information concerning name and address mailing lists or correct information concerning occupant mailing lists to certain owners of such lists. New names will not be added to a name and address mailing list, and street address numbers will not be added to or changed for an occupant mailing list.~~

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*ZIP Code Sortation of Address Lists*

~~— ZIP Code Sortation of Address Lists service provides sortation of addresses to the finest possible ZIP Code level.~~

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*Special Services  
Address Management Services*

## 1515.2 Prices

	(\$)
Address Sequencing	
Per correction (removal of each undeliverable address, or addition of each missing or new address)	<u>0.57</u>
Insertion of blanks	0.00
AEC II Service	
1-100 records resolved, minimum fee	<u>44.00</u>
Additional records resolved, per record	<u>0.44</u>
AIS (Address Information System) Viewer (per year, per site)	
City State Delivery Type Retrieval Annual Subscription	<u>110.00</u>
County Name Retrieval Annual Subscription	<u>110.00</u>
Delivery Statistic Retrieval Annual Subscription	<u>140.00</u>
ZIP + 4 Retrieval Annual Subscription	<u>110.00</u>
CRIS Route (per year)	
Per state (annual subscription)	<u>80.00*</u>
All States (annual subscription)	<u>1,225.00*</u>
CASS Certification	
Cycle Testing: (for next cycle) August-January	<u>840.00</u>
Cycle Testing: February, March	<u>840.00</u>
Cycle Testing: April	<u>840.00</u>
Cycle Testing: May	<u>840.00</u>
Cycle Testing: June	<u>840.00</u>
Cycle Testing: July	<u>840.00</u>
Cycle Testing: (for current cycle) After July 31st	<u>840.00</u>

*Special Services  
Address Management Services*

	<b>(\$)</b>
Change-of-Address Information for Election Boards and Registration Commissions	
Per change of address	<u>0.57</u>
Change-of-Address Customer Notification Letter Reprint	<u>65.00</u>
City State (per year)	
All States (annual subscription)	<u>500.00*</u>
CDS (per address, per year)	<u>0.016</u>
Minimum (per year)	<u>80.00</u>
<del>Correction of Address Lists</del>	
<del>Per submitted address</del>	<del>0.55</del>
<del>Minimum charge per list (30 items)</del>	<del>16.50</del>
Delivery Statistics (per year)	
All States (annual subscription)	<u>515.00*</u>
DMM Labeling Lists	<u>80.00*</u>
DPV System (per year) <sup>3</sup>	<u>14,650.00</u>
DSF2 Service (per year) <sup>4</sup>	<u>146,700.00</u>
Each additional location per year	<u>73,350.00</u>
Each additional platform per location per year	<u>73,350.00</u>
eLOT Service (per year)	
Per state (annual subscription)	<u>80.00*</u>
All States (annual subscription)	<u>1,225.00*</u>
Extended Mail Forwarding	
6-month extension	19.95
12-month extension	29.95
18-month extension	39.95



	(\$)
Five-Digit ZIP (per year)	
All States (annual subscription)	<u>725.00*</u>
LACSLink5	
Interface Developer (first year)	<u>1,550.00<sup>6</sup></u>
Interface Developer (each one-year extension)	<u>450.00<sup>6</sup></u>
Interface Distributor (per year)	<u>1,750.00<sup>7</sup></u>
Data Distributor (per year)	<u>450.00</u>
End User (per year)	<u>450.00<sup>8</sup></u>
MASS Certification	
MASS Manufacturers (MLOCR)	
Cycle Testing: (for next cycle) November – June	<u>1,050.00</u>
Cycle Testing: July	<u>1,050.00</u>
Cycle Testing: (for current cycle) After July 31 <sup>st</sup>	<u>1,050.00</u>
MASS End-Users (MLOCR)	<u>1,050.00</u>
Cycle Testing: (for next cycle) March – June	<u>1,050.00</u>
Cycle Testing: July	<u>1,050.00</u>
Cycle Testing: (current cycle) After July 31 <sup>st</sup>	<u>1,050.00</u>
MASS Manufacturers (Encoder)	<u>1,050.00</u>
Cycle Testing: (for next cycle) November – June	<u>1,050.00</u>
Cycle Testing: July	<u>1,050.00</u>
Cycle Testing: (for current cycle) After July 31 <sup>st</sup>	<u>1,050.00</u>
MASS End-Users (Encoder)	<u>1,050.00</u>
Cycle Testing: (for next cycle) March – June	<u>1,050.00</u>
Cycle Testing: July	<u>1,050.00</u>
Cycle Testing: After July 31 <sup>st</sup>	<u>1,050.00</u>
MASS IMb Quality Testing	<u>525.00</u>

*Special Services  
Address Management Services*

	<b>(\$)</b>
NCOA <sup>Link</sup> Service <sup>10</sup>	
Initial Interface Developer (first year fee)	<u>8,250.00</u>
Interface Developer (per each one-year extension)	<u>1,725.00</u>
Interface Distributor (per year)	<u>39,520.00</u>
Full Service Provider (per year)	<u>275,600.00</u>
Full Service Provider Each Additional Site (per year)	<u>135,200.00</u>
Limited Service Provider (per year)	<u>22,880.00</u>
Limited Service Provider (per each one year extension)	
One Site only	<u>22,880.00</u>
Each additional site	<u>11,440.00</u>
ANKLink Service Option (per year)	
First Site	<u>5,410.00</u>
Each additional site	<u>2,500.00</u>
End User/MPE (first year)	<u>11,440.00</u>
End User/MPE (each renewal year)	
One site (each site for MPE)	<u>11,440.00</u>
Each additional site (End User only)	<u>5,410.00</u>
ANK <sup>Link</sup> Service Option (per year)	<u>1,250.00</u>
NCOA <sup>Link</sup> Test, Audit (each)	<u>1,665.00</u>
Official National Zone Charts (per year)	
Matrix	<u>75.00*</u>
RDI Service (per year) <sup>1</sup>	<u>460.00*</u>
Z4 Change (per year)	
All States	<u>4,420.00*</u>
ZIP + 4 Service (per year)	
Per state (annual subscription)	<u>80.00*</u>
All States (annual subscription)	<u>1,225.00*</u>
<del>ZIP Code Sortation of Address Lists</del>	
<del>    Per 1,000 addresses, or fraction</del>	<del>170.00</del>
ZIP Move (per year)	
All States (annual subscription)	<u>165.00*</u>

*Special Services*  
*Address Management Services*

99 Percent Accurate Method (per 1,000 addresses per year)	<u>1.50</u>
Minimum (per year)	<u>150.00</u>

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**AMS Price Table for Single Issues or Additional Copies**

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<b>Number of Copies</b>	<b>*Price (from above)</b>	<b>Multiply by</b>	<b>Factor</b>
Single Issue	*Price	x	<u>0.80</u>
1-100	*Price	x	2.00
101-200	*Price	x	4.00
201-300	*Price	x	6.00
301-400	*Price	x	8.00
401-500	*Price	x	10.00
501-600	*Price	x	12.00
601-700	*Price	x	14.00
701-800	*Price	x	16.00
801-900	*Price	x	18.00
901-1000	*Price	x	20.00
1001-10,000	*Price	x	25.00
10,001 – 20,000	*Price	x	30.00
20,001 – 30,000	*Price	x	35.00
30,001 and over	*Price	x	40.00
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>\$15,600.00</u>	n/a	n/a

**1520                    Caller Service**

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**1520.2                Prices**

	<b>(\$)</b>
Groups based on Post Office location (Semi-Annual):	
Group 1	<u>980.00</u>
Group 2	<u>900.00</u>
Group 3	<u>825.00</u>
Group 4	<u>775.00</u>
Group 5	<u>740.00</u>
Group 6	<u>685.00</u>
Group 7	<u>655.00</u>
Call Number Reservation (Annual <sup>1</sup> )	<u>68.00</u>
Customized Address (charge per approved address) <sup>2</sup>	
First Year	<u>0.00</u>
Additional Year	<u>0.00</u>

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

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**1540.3 Prices***Outbound International Business Reply Mail Service Prices*

	<b>(\$)</b>
Card	<u>2.00</u>
Envelope	<u>2.50</u>

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

\*\*\*\*\*

## 1545.2 Prices

	(\$)		(\$)	(\$)
Domestic	0.01	to	500.00	<u>1.75</u>
Domestic	500.01	to	1,000.00	<u>2.40</u>
APO/FPO/DPO	0.01	to	1,000.00	<u>0.60</u>
Inquiry, including a copy of paid money order				<u>14.60</u>

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

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1550.4 Prices

*Regular and No Fee*

Box Size	Semi-annual Fees <sup>1</sup> (Groups based on Post Office location) (\$)							
	1	2	3	4	5	6	7	E <sup>2</sup>
1	<u>70.00</u>	<u>57.00</u>	<u>48.00</u>	<u>39.00</u>	<u>34.00</u>	<u>30.00</u>	<u>27.00</u>	0.00
2	<u>102.00</u>	<u>84.00</u>	<u>68.00</u>	<u>57.00</u>	<u>47.00</u>	<u>40.00</u>	<u>35.00</u>	0.00
3	<u>177.00</u>	<u>142.00</u>	<u>117.00</u>	<u>89.00</u>	<u>73.00</u>	<u>57.00</u>	<u>52.00</u>	0.00
4	<u>320.00</u>	<u>265.00</u>	<u>216.00</u>	<u>166.00</u>	<u>126.00</u>	<u>93.00</u>	<u>77.00</u>	0.00
5	<u>505.00</u>	<u>413.00</u>	<u>337.00</u>	<u>284.00</u>	<u>203.00</u>	<u>162.00</u>	<u>135.00</u>	0.00

Box Size	3-Month Fees (Groups based on Post Office location) (\$)						
	1	2	3	4	5	6	7
1	<u>43.00</u>	<u>35.00</u>	<u>29.00</u>	<u>24.00</u>	<u>21.00</u>	<u>18.00</u>	<u>17.00</u>
2	<u>62.00</u>	<u>51.00</u>	<u>42.00</u>	<u>35.00</u>	<u>29.00</u>	<u>24.00</u>	<u>21.00</u>
3	<u>107.00</u>	<u>86.00</u>	<u>71.00</u>	<u>54.00</u>	<u>44.00</u>	<u>35.00</u>	<u>32.00</u>
4	<u>192.00</u>	<u>159.00</u>	<u>130.00</u>	<u>100.00</u>	<u>76.00</u>	<u>56.00</u>	<u>47.00</u>
5	<u>303.00</u>	<u>248.00</u>	<u>203.00</u>	<u>171.00</u>	<u>122.00</u>	<u>98.00</u>	<u>81.00</u>

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*Ancillary Post Office Box Services*

	(\$)
Key duplication or replacement	<u>10.00</u>
Lock replacement <sup>1</sup>	25.00
Key deposit	5.00

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*Special Services  
Stamp Fulfillment Services***1560 Stamp Fulfillment Services**

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**1560.2 Prices**

Orders mailed to domestic United States destinations	<b>(\$)</b>
Orders up to \$50.00	<u>1.55</u> <sup>1</sup> , add <u>2.85</u> <sup>2</sup> for custom orders
Orders over \$50.00	<u>2.20</u> <sup>1</sup> , add <u>2.85</u> <sup>2</sup> for custom orders
Orders mailed to destinations outside of domestic United States	<b>(\$)</b>
Orders up to \$50.00	<u>8.30</u> add <u>2.85</u> <sup>2</sup> for custom orders
Orders over \$50.00	<u>8.95</u> add <u>2.85</u> <sup>2</sup> for custom orders

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*Country Price Lists for International Mail***Part D—Country Price Lists for International Mail**

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**4000 Country Price Lists for International Mail**

Country	Market Dominant  SPFCMI <sup>1</sup>	Competitive						
		FCPIS <sup>2</sup>	International Expedited Services			PMI <sup>5</sup>	PMI Flat Rate Enve- lopes and Boxes <sup>5</sup>	IPA & ISAL <sup>6</sup>
			GXG <sup>3</sup>	PMEI <sup>4</sup>	PMEI Flat Rate Enve- lope <sup>4</sup>			

T								
*****								
Turkey <u>Turkiye</u>	4	3	6	4	8	4	8	3
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