

UNITED STATES OF AMERICA
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

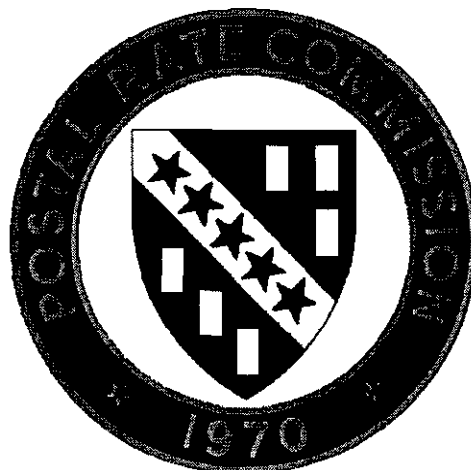
Before:

Vice Chairman Omas,
Commissioners Covington, Goldway, and LeBlanc

Postal Rate and Fee Changes, 2000

Docket No. R2000-1

OPINION
AND
RECOMMENDED DECISION ON
FURTHER RECONSIDERATION



Washington, DC 20268-0001
April 10, 2001

The Postal Service Governors have asked the Postal Rate Commission to give further reconsideration to two issues litigated in Docket No. R2000-1.¹ These issues are: (1) whether a field reserve should be treated as a test year operating expense, and (2) whether a 2.5 percent provision for contingencies was justified on the evidentiary record. The Governors express the view that the Commission should have recommended rates high enough to fully fund both of these items, which would have meant providing approximately \$900 million of additional revenue. On further reconsideration, the Commission reaffirms its previous decision.

Limitations of Commission Authority

Both the Commission and the Governors are quite sensitive to the need for their partnership to function smoothly, so that each can fulfill its statutory responsibilities to the nation's mail users. The Commission's February 9, 2001 Opinion and Further Recommended Decision, at 5–8, attempts to describe the complementary roles of the Governors and the Commission in the ratemaking process. However, the Governors' explanation of why further reconsideration is sought in this case indicates that there remains an area where the roles of these two partners are not clearly distinguished.

The Commission recognizes that the Governors are responsible for establishing the operating policies of Postal Service, and for directing management to achieve those policies. *Id.* at 5-6. Those policies, and the methods chosen to implement them, determine the revenue requirements of the Postal Service. When the Board of Governors concludes that additional funds from mail users will be needed to cover projected expenses, it files a rate request with the Commission. The Commission conducts a formal, public proceeding during which evidence is collected on the types and amounts of costs that will be incurred to provide services to the various categories

¹ Decision of the Governors of the United States Postal Service on the Further Recommended Decision of the Postal Rate Commission on Postal Rate and Fee Changes, Docket No. R2000-1, issued March 5, 2001 and filed with the Commission March 6, 2001 (Governors' March Decision).

of mailers, and then recommends rates designed to produce that amount of revenue. *Id.* at 6-8.

The Governors' March Decision, at 1-3, responds with a carefully drawn statement of its view of the Commission's authority. It does not directly contest any particular aspect of the Commission's discussion of its responsibilities. Instead, it sets forth what the Governors see as the limitations of the Commission's authority.

The Governors express concern that their roles, both as Governors and as members of the Board of Governors, would be improperly diminished if the Commission "evaluates evidence from a variety of sources and, in effect, establishes the Postal Service's revenue requirement." *Id.* at 2. In the context of Docket No. R2000-1, the Governors conclude that the Commission exceeded its authority by refusing to treat the budgetary concept of field reserve as an operating expense, and by failing to find that the record evidence justified increasing rates to fund a 2.5 percent provision for contingencies. The Governors contend that these decisions effectively "subordinate our and the Board's managerial and policy functions to the Commission's limited ratemaking role." *Ibid.*

The Commission has carefully reviewed its decision in light of the Governors' comments. The Commission finds that in Docket No. R2000-1, it has properly deferred to the Governors' managerial prerogatives. For example, the Commission deferred to management's authority to establish operating policies when it held that the Priority Mail Processing Centers network contract with Emery was lawfully in effect, and therefore the Commission would not disallow costs resulting from that contract. PRC Op. R2000-1, para. 5310. The Commission also rejected a participant's claim that it should disallow a portion of the Service's estimated mail processing costs as excessive because of the Service's underinvestment in flats sorting equipment. *Id.*, paras. 2060-66.

The Act provides that rates should be set to allow Postal Service revenues to recover the total estimated costs "sufficient to enable the Postal Service under honest,

efficient, and economical management to maintain and continue the development of postal services of the kind and quality adapted to the needs of the United States.”

39 U.S.C. § 3621. That section defines “total estimated costs” as including, among other things, operating expenses, depreciation, debt service, and a reasonable provision for contingencies. When the Commission considers a Postal Service rate request, it must evaluate all of the evidence relevant to quantifying total estimated costs, whether that evidence is presented by the Service in support of its proposals, or by other participants arguing for different rates.

In this case, as in previous rate cases, Postal Service witnesses described costs associated with scores of operating programs approved by the Board of Governors and Postal Service management. Many of these costs were uncontroverted, but participants challenged certain Postal Service cost estimates, and the Commission made adjustments where necessary to reflect the weight of the evidence. One of those adjustments was to find that a budgetary field reserve was not a recognizable test year operating expense. The Postal Service also offered evidence in support of its proposed 2.5 percent contingency, but other participants presented evidence contending this amount was excessive, and not “a reasonable provision for contingencies” as allowed for by § 3621. Here too, the Commission’s Opinion and Recommended Decision reflected the weight of the evidence before it.

The Governors seem to suggest that the Commission should treat the size of the revenue requirement as a policy decision of the Board that is not subject to change, except perhaps for the correction of errors of addition or transcription. Governors’ March Decision at 2. They reason that the modification provision in the statute is unwieldy, and that Congress could not have intended to make it so difficult for the Governors to obtain desired revenues.

The language of the statute does not support the Governors’ position. It does not provide that the Governors are to determine costs unilaterally. Simply by requiring that

the provision for contingencies be "reasonable," Congress invited interested persons to address the issue.

The Commission also notes that the Governors state that "in this docket, we found the Postal Service's total revenue requirement to be \$69.8 billion." *Id.* at 1. This "finding" reflects the incorporation of corrected and updated cost projections the Commission used to adjust the \$69.0 revenue requirement contained in the initial Postal Service Request. The Governors' endorsement of the higher revenue requirement is inconsistent with the proposition that the Commission should not review and adjust the revenue requirement lest it subordinate the Governors' management prerogatives.

Although the Governors participate in deciding to file a request with the Commission, they are not bound by positions taken by the Postal Service during the litigation of a rate case. After receiving a Commission opinion they accept written comments from interested persons, and they have the responsibility to act independently on Commission recommendations. On occasion they have rejected Commission recommendations of proposals that were both initially approved by the Board and supported by the Postal Service.²

In sum, the Commission finds that it has neither acted improperly, nor subordinated the Governors' managerial or policy functions, by evaluating the evidence presented by the Postal Service and the other participants on prospective test year expenditures. The Commission also concludes that notwithstanding the Governors' arguments, it is the Commission's responsibility to carefully consider the evidence

² See, for example, Decision of the Governors of the United States Postal Service on the Recommended Decision of the Postal Rate Commission on Prepaid Reply Mail and Courtesy Envelope Mail, Docket No. R97-1, June 29, 1998, at 2.

presented by all participants on projected Postal Service costs, and provide its best opinion to the Governors.³

Provision for Contingencies

Leaving the question of whether the Commission has the authority to adjust items within the revenue requirement, the issue still remains whether the increased amounts of test year expenses argued for by the Governors are justified on the evidentiary record. On reconsideration, the Commission found that they were not, for reasons described in the February 9, 2001 Opinion and Further Recommended Decision, at 17-40. However, the Commission also took note of the fact that the Postal Service referenced its current financial situation several times in its filings supporting reconsideration. Therefore the Commission invited the Postal Service to provide additional evidence to correct or supplement the record on these projected FY 2001 expenses. *Id.* at 2, 3.

The Governors state that they do not want the record to be reopened to admit additional factual evidence relevant to the field reserve or the provision for contingencies. Governors' March Decision at 4. They explain that they believe the existing record contains information to support the Postal Service's requests in both areas, and they further contend that "reopening the record would entail additional delay, thereby jeopardizing even further the Postal Service's precarious financial state." *Ibid.*

³ "The Postal Rate Commission, however, was created specifically to oversee the ratemaking process. Its expertise is in the setting of rates and fees that are fair and equitable, and its authority therefore reasonably extends to all aspects of such decisions, including review of budget estimates" *National Association of Greeting Card Publishers v. United States Postal Service*, 569 F.2d 570, 597 (D.C. Cir. 1976), vacated on other grounds *U.S. Postal Service v. Associated Third Class Mail Users*, 434 U.S. 884 (1977).

The Governors' decision not to provide relevant evidence that might be available to the Postal Service is short sighted.⁴ The suggestion that hearing important evidence on recent events would unduly delay a final decision in this case does not withstand close scrutiny. Although the length of time needed to hear and evaluate evidence depends to some degree on the scope and extent of that evidence, the issue of justification for the contingency provision is already well developed. Thus, evidence on this topic could be considered promptly. For example, on August 14, 2000, the Postal Service filed 25 separate pieces of rebuttal testimony dealing with a wide variety of topics that had been raised by other participants in this case. On that same day, other participants sponsored 10 pieces of supplemental testimony and 19 pieces of rebuttal testimony. All of these 54 pieces of testimony were reviewed and subjected to cross-examination by August 31, 2000, a period of only 17 days. It is highly unlikely that the reconsideration process would have been delayed by even a month had the Postal Service chosen to explain why events occurring after the evidentiary record was closed justified increasing test year field reserve and contingency expenses.⁵

The Governors choose to place their reliance on the evidentiary record already made in this case, stating that they "want to make clear that we are not asking the Commission to reopen the record and decide on the basis of new facts." Governors' March Decision at 4. However, the Governors also refer to changed circumstances under which the Postal Service is portrayed as "operating under rates inadequate to meet [its] revenue needs" because of "[s]ubsequent events." *Id.* at 3. By choosing not

⁴ Notwithstanding the fact that the Governors believe that reform of the statutory postal regulatory framework is necessary (March 2, 2001 letter separately sent to the President and several Congressional leaders) every effort should be made to effectively function under the existing system.

⁵ The Postal Service also opposed allowing new evidence to correct or clarify the record on these issues in December, when the first request for reconsideration was before the Commission. Memorandum of the United States Postal Service on Reconsideration and Request For Expedition, December 20, 2000. Had the Service provided relevant, persuasive evidence in December, this matter could perhaps have been resolved two months ago.

to document these conditions, the Governors provide no basis for the Commission (and the participants) to address these issues in the open forum which the Reorganization Act mandates for postal ratemaking.

The Governors again ask the Commission to reconsider its earlier recommendation of a 1.5 percent contingency provision, and to “restore the contingency [of 2.5 percent] based on the updated level of costs that it has adopted.” *Ibid.* The Governors do not challenge any of the specific findings in the Commission’s two previous Opinions that led to the conclusion that a 2.5 percent contingency was unreasonable. The Governors’ request is premised on their view that the Commission’s original recommendation exceeds the PRC’s statutory ratemaking authority under the Postal Reorganization Act. *Id.* at 2-3.

As the Commission’s Opinion and Further Recommended Decision of February 9 noted, the course of action requested by the Governors would effectively increase the revenue sought in the initial Request by approximately \$900 million. In Order No. 1305, the Commission invited the Postal Service and other participants to comment on the advisability of this change.⁶

⁶ The following responses were received: Comments of American Bankers Association and National Association of Presort Mailers on Board of Governors March 6, 2001 Request for Further Reconsideration, March 19, 2001 (ABA/NAPM Comments); Consortium Memorandum in Response to PRC Order No. 1305, March 19, 2001 (Consortium Comments); Initial Comments of Major Mailers Association Regarding Issues on the Board of Governors Second Remand, March 19, 2001 (MMA Comments); Comments of the Office of the Consumer Advocate on Request for Further Reconsideration, March 19, 2001 (OCA Comments); Response of Postcom to Order No. 1305, March 20, 2001 (Postcom Comments); Comments of the United States Postal Service in Accordance with Order No. 1305, March 19, 2001 (Postal Service Comments); Val-Pak Direct Marketing Systems, Inc., Val-Pak Dealers’ Association, Inc., and Carol Wright Promotions, Inc. Response to Order No. 1305, March 19, 2001 (VP/CW Comments); and Watchtower Society Response to Order No. 1305 Request for Further Reconsideration, March 21, 2001 (Watchtower Comments). The two late filings are accepted.

In addition, the following replies were submitted: Reply Comments of Major Mailers Association, March 26, 2001; and Reply Comments of the United States Postal Service in Accordance with Order No. 1305, March 26, 2001.

The Commission asked participants to comment on three issues: can the Commission lawfully recommend rates that produce more revenues than were requested by the Service; should it do so in this case; and if so, how should higher rates be developed. Most of those commenting believe that the Commission can recommend rates sufficient to provide whatever revenue requirement is justified by the evidentiary record; however, with the exception of the Postal Service—which argues that the Commission should reverse its judgment—commenting parties oppose the Governors’ request on a variety of grounds.

Most support the Commission’s recommendation as a product of reasoned decision-making, consistent with the record made during the proceeding. ABA/NAPM Comments at 2-4; Consortium Comments at 4-5; MMA Initial Comments at 2-4; OCA Comments at 8-9; Postcom Comments at 1-2. Some commenters also challenge the requested increase as an unjustified change that would produce problematic consequences in the existing schedule of rates while providing insufficient relief from the financial pressures cited by the Governors. MMA Comments at 2-4; VP/CW Comments at 5-6. Additionally, the 17-member Consortium⁷ points out that the Commission’s recommended rates provide nearly the entire amount of revenue sought in the Postal Service’s initial Request. Consortium Comments at 3. In a similar vein, MMA argues that even the \$2 billion to \$3 billion deficit purportedly to be accrued in the test year represents only 2.9 to 4.3 percent of the Postal Service’s revenue requirement, a shortfall that it claims does not pose “an imminent threat to the financial viability of the Postal Service.” MMA Comments at 4.

⁷ Direct Marketing Association, Inc. joined by Advo, Inc., Alliance of Independent Store Owners and Professionals, Alliance of Nonprofit Mailers, Amazon.com, Inc., American Business Media, Association of American Publishers, Association of Priority Mail Users, Inc., Coalition of Religious Press Associations, Dow Jones & Company, Inc., Florida Gift Fruit Shippers Association, Magazine Publishers of America, Major Mailers Association, The McGraw-Hill Companies, Inc., National Newspaper Association, Parcel Shippers Association, and Time Warner Inc.

Upon careful consideration of the Governors' March Decision, the comments submitted by the Postal Service and other participants, and the existing evidentiary record of this proceeding, the Commission concludes that the requested upward revision in the contingency allowance is neither justified nor appropriate. Further, the Commission reaffirms its previous finding that the aggregate amount of revenue generated by the rates recommended in the Decision of November 13, 2000—as revised by the Further Recommended Decision of February 9, 2001—is sufficient to provide the revenue needs of the Postal Service as they were documented during the evidence-gathering phase of this proceeding.

With respect to the Governors' assertion of their need for discretion to choose a contingency allowance and establish the size of the revenue requirement generally, the Commission must continue to respectfully decline to adopt this model of postal ratemaking. The development of the evidentiary record on the estimated costs, volumes, and revenues of the various classes of mail and types of service frequently produces myriad affects on the aggregate revenue requirement. Indeed, the change in the revenue requirement in Docket No. R84-1, cited in the Postal Service Comments at 2, illustrates how an issue addressed in the course of a ratemaking proceeding—in that case, First-Class volumes—can affect the overall level of the revenue requirement. Given this interdependence of the revenue requirement and other issues on which the Commission must make findings, it is impossible to conclude that the choice of a contingency allowance should somehow remain unaffected by the factual record made during a rate case.

In this particular proceeding, substantial cogent and persuasive evidence was submitted in opposition to the 2.5 percent contingency provision included in the Postal Service's original Request. As the Service correctly observes, the interest of ratepayer participants in potential reductions in the contingency allowance (or any other component of the revenue requirement) is readily apparent. The obverse would appear to be equally true, i.e., the Postal Service interest in maintaining its proposed

contingency allowance is also apparent. However, self interest is not dispositive of the issue. Based on its analysis of the record, the Commission found the opponents' presentations on the contingency issue to be convincing. It was not simply a matter of weighing the number of pieces of evidence opposing the proposed contingency allowance against the Service's testimony in defense. Much of the testimony opposed the Service's presentation on qualitative grounds, and effectively called into question whether that presentation satisfied a reasonable burden of proof. See OCA Comments at 9-11.

The Commission incorporated a provision for contingencies at the high end of the range it found justified on the evidentiary record. This amount, 1.5 percent, was intermediate between the Service's request and the lesser figures proposed by other parties. On the basis of the record evidence properly before it, which is unchanged from that time, the Commission continues to view the recommended 1.5 percent allowance as reasonable. Lacking any further evidence to consider on the issue, the Commission affirms the recommendation in the decisions of November 13, 2000 and February 9, 2001.

Treatment of Field Reserve

The Commission also reaffirms its earlier conclusion that the \$200 million field reserve was properly considered as a special-purpose component of the contingency. The Governors' discussion of the Commission's findings regarding the field reserve does not address the substance of the Commission's analysis. See Governors' March Decision at 4. Instead, it criticizes limited aspects of the Commission's findings. Each of these criticisms is addressed below.

The Commission found that the field reserve served the same purpose as the contingency, a finding that the Postal Service does not explicitly contest except to complain that the Commission "invented an unprecedented 'special-purpose component' of the contingency." *Ibid.* Docket No. R2000-1 was the first case in which

the Postal Service suggested that a field reserve should be treated as a test year expense. Other participants argued that the field reserve was indistinguishable from the contingency. In rebuttal, the Postal Service asserted that the field reserve was not “similar” to the contingency because it was a “budget technique or strategy to leverage further cost reductions during FY 2001.” Tr. 46-C/20927. The Commission concluded that the field reserve, just as the contingency, serves as an insurance policy against the possibility of misestimating test year forecasts. PRC Further Op. R2000-1, paras. 2056-57.⁸ The only distinction is that the field reserve was not part of the initial, general contingency, but was developed later as insurance against failure to fully achieve a broad group of projected “breakthrough productivity” cost reductions initiated after the Service’s rate request was filed. The Commission’s conclusion that the field reserve should be viewed as a separate, new type of contingency component was simply a product of the Postal Service’s novel, but ill-suited (from a ratemaking perspective) field reserve proposal.

Furthermore, the predicate for the Governors’ characterization is incorrect. The Commission did not “invent” the term special-purpose component of the contingency because it “flatly dismissed” witness Strasser’s testimony. The Further Recommended Decision explains the bases of the Commission’s findings and demonstrates that the Commission thoroughly considered the Postal Service’s arguments, including witness Strasser’s testimony. However, the Commission did conclude that the Postal Service’s budget strategy is not dispositive of its test year revenue requirement, and that the field reserve does not represent an appropriate test year expense. PRC Further Op. R2000-1, paras. 2058-67.

⁸ As noted by the Commission, witness Strasser concedes that the field reserve is intended as a hedge against uncertainty. “And the question is whether we distributed them [productivities] in the right proportion to the field as a challenge. So the [field] reserve is being held in case we made mis-allocations in that.” *Id.* para 2057, citing Tr. 46-A/20375.

The Commission understood “witness Strasser’s contention that the field reserve represents an ‘actual budget expense item that the Postal Service projects it will spend during the test year.’” After evaluation of this testimony, and other participants’ arguments, it found “[n]ot only do these assertions improperly assume that the Postal Service’s budgeting process is synonymous with establishing its test year revenue requirement, they ignore an essential point—the Postal Service’s FY2001 operating budget is not in the record.” *Id.* para. 2058 (citations omitted).

Moreover, the Commission rejected the Postal Service’s suggestion that the field reserve could, for ratemaking purposes, be used for mutually exclusive purposes. *Id.* paras. 2062 *et seq.* See also *id.* paras. 2059-60 (distinguishing the Postal Service’s test year revenue requirement from its operating budget) and para. 2061 (rejecting witness Strasser’s contentions that the field reserve was similar to other reserved line items in the Postal Service’s budget process.) Witness Strasser’s testimony on the field reserve was not “flatly dismissed;” rather, it was carefully considered and found to support a larger provision for contingencies than was otherwise justified.⁹

The Governors also express concern that “the Commission’s conclusion that this expense lacks record support is simply inexplicable” given witness Strasser’s testimony. Governors’ March Decision at 4. To be sure, witness Strasser discusses the size and purpose of the field reserve. That testimony also attempts to depict the field reserve as a legitimate test year expense by reference to the Postal Service’s budget and budget strategy. However, this attempt to bootstrap the legitimacy of the field reserve is unavailing for a host of reasons detailed in the Further Recommended Decision beginning with this immutable fact—the FY 2001 operating budget did not exist when Strasser’s testimony was prepared, and was never offered as evidence or made part of

⁹ While the Commission expressly held Strasser’s treatment of the field reserve to be inconsistent with accepted ratemaking practices (*id.* paras. 2062 *et seq.*), its treatment of the field reserve did not deny the Postal Service test year operating expenses for the various purposes that the field reserve is intended to cover: mail transport equipment, advertising, and depreciation. *Id.* para. 2064.

the evidentiary record. PRC Further Op. R2000-1, paras. 2058. *See also id.* paras. 2058-62 (the operating budget is not a surrogate for the Postal Service's test year revenue requirement); paras. 2062-67 (the field reserve creates a moving test year revenue requirement and does not represent an appropriate test year expense).

The Commission expressly addressed the proper treatment of a field reserve, finding (a) that the field reserve is not a test year expense item, and (b) that the provision for contingencies should be increased in recognition of the existence of the field reserve. *See id.* paras. 2068-72. *See also id.* para. 2055 ("Had the Postal Service not pursued such aggressive cost reduction targets, it would not have had the need for the field reserve, and the Commission would not have considered this item in evaluating the justification for the provision for contingencies sought by the Postal Service.")

On further reconsideration, the Commission finds that its treatment of the field reserve as a special, additional justification for a larger contingency provision was in accord with the evidentiary record, and that treatment is reaffirmed.

Conclusion

As no changes to the February 9, 2001 Opinion and Further Recommended Decision are appropriate, the Commission again recommends to the Governors the rates developed in that Opinion.

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

Before Commissioners:

George A. Omas, Vice Chairman;
Dana B. "Danny" Covington; Ruth Y. Goldway;
and W.H. "Trey" LeBlanc III

Postal Rate and Fee Changes, 2000

Docket No. R2000-1

FURTHER RECOMMENDED DECISION

(Issued April 10, 2001)

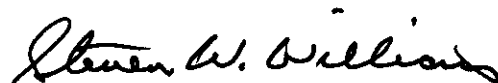
The Commission, upon reconsideration of the record in the above-entitled proceeding, having issued its Opinion on Further Reconsideration, which is attached hereto and made a part hereof,

IT IS ORDERED:

That the Commission's Opinion be transmitted to the Governors of the Postal Service and that the Governors thereby be advised that the rates of postage and fees for postal services set forth in Appendix One hereof are in accordance with the policies of title 39, United States Code and the factors set forth in § 3622(b) thereof; and they are hereby recommended to the Governors for approval.

By the Commission.

(S E A L)



Steven W. Williams
Acting Secretary

**PACKAGE SERVICES
RATE SCHEDULE 522A**

**BOUND PRINTED MATTER SUBCLASS
SINGLE PIECE RATES**

		(dollars)						
Weight not Exceeding (Pounds)		Zones						
		1&2	3	4	5	6	7	8
1	1.79	1.82	1.86	1.92	1.98	2.05	2.19	
1.5	1.79	1.82	1.86	1.92	1.98	2.05	2.19	
2	1.83	1.87	1.92	2.00	2.08	2.18	2.36	
2.5	1.88	1.93	1.98	2.09	2.19	2.32	2.55	
3	1.92	1.98	2.06	2.18	2.30	2.45	2.73	
3.5	1.97	2.04	2.13	2.27	2.41	2.58	2.91	
4	2.02	2.09	2.19	2.35	2.52	2.70	3.09	
4.5	2.06	2.16	2.27	2.45	2.63	2.85	3.27	
5	2.11	2.21	2.33	2.53	2.74	2.98	3.45	
6	2.20	2.33	2.46	2.71	2.96	3.24	3.80	
7	2.28	2.43	2.60	2.89	3.18	3.50	4.16	
8	2.38	2.54	2.75	3.07	3.40	3.78	4.52	
9	2.47	2.66	2.87	3.24	3.62	4.04	4.88	
10	2.57	2.77	3.01	3.42	3.83	4.30	5.23	
11	2.66	2.88	3.15	3.59	4.05	4.57	5.59	
12	2.75	2.99	3.29	3.77	4.27	4.84	5.95	
13	2.84	3.11	3.43	3.95	4.49	5.10	6.31	
14	2.93	3.22	3.56	4.13	4.71	5.37	6.67	
15	3.03	3.33	3.70	4.31	4.93	5.64	7.03	
Per Piece Rate	1.64	1.64	1.64	1.64	1.64	1.64	1.64	
Per Pound Rate	0.09	0.11	0.14	0.18	0.22	0.27	0.36	

SCHEDULE 522A NOTES

¹ For barcode discount, deduct \$0.03 per piece.

**PACKAGE SERVICES
RATE SCHEDULE 522B**

**BOUND PRINTED MATTER SUBCLASS
BASIC PRESORT AND CARRIER ROUTE PRESORT RATES**

(dollars)			
Zone	Per Piece		Per Pound
	Basic ¹	Carrier Route ²	
1&2	0.96	0.86	0.07
3	0.96	0.86	0.09
4	0.96	0.86	0.12
5	0.96	0.86	0.16
6	0.96	0.86	0.20
7	0.96	0.86	0.25
8	0.96	0.86	0.34

SCHEDULE 522B NOTES

- ¹ For barcode discount, deduct \$0.03 per piece.
- ² Applies to mailings of at least 300 pieces presorted to carrier route as specified by the Postal Service.

**PACKAGE SERVICES
RATE SCHEDULE 522C**

**BOUND PRINTED MATTER SUBCLASS
DESTINATION ENTRY BASIC PRESORT**

(dollars)

	DBMC Zone 1&2	DBMC Zone 3	DBMC Zone 4	DBMC Zone 5	DSCF	DDU
Per Piece Rate	0.83	0.83	0.83	0.83	0.68	0.62
Per Pound Rate	0.06	0.09	0.12	0.16	0.05	0.03

SCHEDULE 522C NOTES

- ¹ For barcode discount, deduct \$0.03 per piece. Barcode discount is not available for DDU and DSCF rates and DBMC mail entered at an ASF (except Phoenix, Arizona ASF).
- ² A mailing fee of \$125.00 must be paid once each 12-month period to mail at any destination entry Bound Printed Matter rate.

**PACKAGE SERVICES
RATE SCHEDULE 522D**

**BOUND PRINTED MATTER SUBCLASS
DESTINATION ENTRY CARRIER ROUTE PRESORT**

(dollars)

	DBMC Zone 1&2	DBMC Zone 3	DBMC Zone 4	DBMC Zone 5	DSCF	DDU
Per Piece Rate	0.73	0.73	0.73	0.73	0.58	0.52
Per Pound Rate	0.06	0.09	0.12	0.16	0.05	0.03

SCHEDULE 522D NOTES

- ¹ A mailing fee of \$125.00 must be paid once each 12-month period to mail at any destination entry Bound Printed Matter rate.

FEE SCHEDULE 941

CERTIFIED MAIL

Description	Fee (in addition to postage)
Per piece	\$2.10