

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

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POSTAL RATE AND FEE CHANGES  
PURSUANT TO PUBLIC LAW 108-18

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Docket No. R2005-1

REQUEST OF THE UNITED STATES POSTAL SERVICE  
FOR A RECOMMENDED DECISION ON CHANGES IN  
RATES OF POSTAGE AND FEES FOR POSTAL SERVICES

UNITED STATES POSTAL SERVICE

By:

Daniel J. Foucheaux, Jr.  
Chief Counsel

Richard T. Cooper  
Kenneth N. Hollies  
Eric P. Koetting  
Nan K. McKenzie  
Sheela A. Portonovo  
Brian M. Reimer  
Scott L. Reiter  
David H. Rubin  
Michael T. Tidwell  
Keith E. Weidner

Its Attorneys

April 8, 2005  
475 L'Enfant Plaza West, S.W.  
Room 6536  
Washington, D.C. 20260-1137

Documents relating to this request may be served upon Mr. Foucheaux at the above address or as otherwise provided by Rule 12 (39 C.F.R. §3001.12).

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RECOMMENDED DECISION ON CHANGES IN RATES  
OF POSTAGE AND FEES FOR POSTAL SERVICES

Pursuant to chapter 36 of title 39, United States Code, the United States Postal Service has determined that changes in rates of postage and fees for postal services would be in the public interest and in accordance with the policies of that title. Accordingly, the Postal Service requests that the Postal Rate Commission make and submit to the Governors of the Postal Service a recommended decision on changes in rates of postage and fees for postal services.<sup>1</sup>

In accordance with the Commission's rules of practice and procedure, the Postal Service submits herewith information and data which explain the nature and scope, significance, and impact of the proposed rate and fee changes.

Without rate and fee changes, the Postal Service would incur a substantial revenue deficiency in the proposed test year, in contravention of 39 U.S.C. § 3621.

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<sup>1</sup> The proposals encompassed by the Postal Service's Request include changes in rates and fees for all classes of mail and special services, with the exception of the Special Service, Confirm. For reasons expressed in the Notice of Intent to Address Rates and Fees for Confirm in a Separate Proceeding, filed today, the Postal Service intends to file a separate proceeding in the future to address the rates, fees, and classification for Confirm.

The rate and fee changes shown on the series of schedules in Attachment B are suggested to the Commission as a basis for providing sufficient revenues<sup>2</sup> in the test year to cover the projected revenue deficiency. "After rates" financial results are shown in the following table.

FINANCIAL RESULTS WITH  
PROPOSED RATE AND FEE CHANGES  
TEST YEAR 2006  
(\$000)

<u>Present Rates</u>	<u>Test Year</u>
Total Revenue Requirement	73,237,070
Less: Total Revenues	70,195,210
Total Revenue Deficiency	3,041,860
 <u>Proposed Rates</u>	
Total Increase in Revenue	2,527,964
Total Decrease in Costs (Revenue Requirement)	625,919
Decrease in Revenue Deficiency	3,153,883
Total Revenue Surplus (Deficiency)	112,023

In accordance with the Commission's rules of practice and procedure, the Postal Service with this Request files the prepared direct evidence on which it proposes to rely, as well as other information pertaining to matters described in the Commission's rules. These materials consist of testimony and exhibits of 31 witnesses (33 testimonies). The testimony and exhibits have been marked for identification as shown on Attachment E. Following the practice established in prior proceedings, each witness's proposed testimony has been given a number, which is shown on the prepared evidence in the upper right

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<sup>2</sup> Together with income from other sources not within the Commission's jurisdiction under title 39, United

hand corner of the cover page. Further data submitted for informational purposes or in response to sections of the rules of practice are included in other attachments.

Finally, the Board of Governors has directed that this Request include a specific request that the Commission's proceeding to consider the Postal Service's proposals be conducted with all possible expedition, consistent with the Commission's responsibilities and the requirements of due process. The Postal Service elaborates on this goal in an accompanying document.<sup>3</sup>

WHEREFORE, the Postal Service Requests that the Commission recommend a decision in accordance with this Request.

UNITED STATES POSTAL SERVICE

By:

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States Code.

<sup>3</sup> United States Postal Service Request for Expedition, filed this date.

## ATTACHMENTS

REQUESTED CHANGES IN RATES AND FEES	A
SPECIFICATION OF THE RULES, REGULATIONS, AND PRACTICES THAT ESTABLISH STANDARDS OF SERVICE AND CONDITIONS OF MAILABILITY	B
CERTIFICATION	C
AUDITED FINANCIAL STATEMENTS	D
LIST OF TESTIMONY AND EXHIBITS	E
COMPLIANCE STATEMENT	F

## **REQUESTED CHANGES IN RATES AND FEES**

In this Request, the Postal Service asks the Commission to recommend changes to the rate and fee schedules in the Domestic Mail Classification Schedule (DMCS).

The rate and fee schedules currently in effect are published on the Postal Rate Commission website, ([www.prc.gov](http://www.prc.gov)) as amended by the Decision of the Governors of the United States Postal Service on the Opinion and Recommended Decision of the Postal Rate Commission in Approving the Repositionable Notes Provisional Service Change, Docket No. MC2004-5 (January 12, 2005), the Decision of the Governors of the United States Postal Service on the Opinion and Recommended Decision Approving Negotiated Service Agreement with Bank One, Docket No. MC2004-3 (February 22, 2005), and the Decision of the Governors of the United States Postal Service on the Opinion and Recommended Decision Approving Negotiated Service Agreement with Discover, Docket No. MC2004-4 (October 27, 2004).

The schedules in this attachment present both proposed and current rates and fees. In general, proposed additions to notes are underlined; proposed deletions appear in brackets.

The requested changes in the rate and fee schedules are as follows:

**EXPRESS MAIL  
 RATE SCHEDULES 121, 122, AND 123**

Current					Proposed				
Weight (lbs.)	Schedule 121 Same Day Airport Service	Schedule 122 Custom Designed	Schedule 123 Next Day & Second Day PO to PO	Schedule 123 Next Day & Second Day PO to Addressee	Weight (lbs.)	Schedule 121 Same Day Airport Service	Schedule 122 Custom Designed	Schedule 123 Next Day & Second Day PO to PO	Schedule 123 Next Day & Second Day PO to Addressee
	0.5		\$10.70	\$10.40		\$13.65	0.5		\$11.30
1		14.90	14.60	17.85	1		15.70	15.40	18.80
2		14.90	14.60	17.85	2		15.70	15.40	18.80
3		18.10	17.80	21.05	3		19.10	18.75	22.20
4		21.25	20.95	24.20	4		22.40	22.10	25.50
5		24.35	24.05	27.30	5		25.65	25.35	28.75
6		27.45	27.15	30.40	6		28.95	28.60	32.05
7		30.50	30.20	33.45	7		32.15	31.85	35.25
8		31.80	31.50	34.75	8		33.50	33.20	36.65
9		33.25	32.95	36.20	9		35.05	34.75	38.15
10		34.55	34.25	37.50	10		36.40	36.10	39.50
11		36.25	35.95	39.20	11		38.20	37.90	41.30
12		38.90	38.60	41.85	12		41.00	40.70	44.10
13		40.80	40.50	43.75	13		43.00	42.70	46.10
14		41.85	41.55	44.80	14		44.10	43.80	47.20
15		43.15	42.85	46.10	15		45.50	45.15	48.60
16		44.70	44.40	47.65	16		47.10	46.80	50.20
17		46.20	45.90	49.15	17		48.70	48.40	51.80
18		47.60	47.30	50.55	18		50.15	49.85	53.30
19		49.05	48.75	52.00	19		51.70	51.40	54.80
20		50.50	50.20	53.45	20		53.25	52.90	56.35
21		51.95	51.65	54.90	21		54.75	54.45	57.85
22		53.40	53.10	56.35	22		56.30	55.95	59.40
23		54.90	54.60	57.85	23		57.85	57.55	60.95
24		56.30	56.00	59.25	24		59.35	59.00	62.45
25		57.70	57.40	60.65	25		60.80	60.50	63.95
26		59.20	58.90	62.15	26		62.40	62.10	65.50
27		60.60	60.30	63.55	27		63.85	63.55	67.00
28		62.10	61.80	65.05	28		65.45	65.15	68.55
29		63.55	63.25	66.50	29		67.00	66.65	70.10
30		65.00	64.70	67.95	30		68.50	68.20	71.60
31		66.45	66.15	69.40	31		70.05	69.70	73.15
32		67.95	67.65	70.90	32		71.60	71.30	74.75
33		69.30	69.00	72.25	33		73.05	72.75	76.15
34		70.85	70.55	73.80	34		74.70	74.35	77.80
35		72.20	71.90	75.15	35		76.10	75.80	79.20

**EXPRESS MAIL**  
**RATE SCHEDULES 121, 122, AND 123 (continued)**

Current					Proposed				
Weight (lbs.)	Schedule 121 Same Day Airport Service	Schedule 122 Custom Designed	Schedule 123 Next Day & Second Day PO to	Schedule 123 Next Day & Second Day PO to Addressee	Weight (lbs.)	Schedule 121 Same Day Airport Service	Schedule 122 Custom Designed	Schedule 123 Next Day & Second Day PO to	Schedule 123 Next Day & Second Day PO to Addressee
36		\$73.75	\$73.45	\$76.70	36		\$77.75	\$77.40	\$80.85
37		75.40	75.10	78.35	37		79.45	79.15	82.60
38		77.20	76.90	80.15	38		81.35	81.05	84.50
39		78.95	78.65	81.90	39		83.20	82.90	86.30
40		80.75	80.45	83.70	40		85.10	84.80	88.20
41		82.55	82.25	85.50	41		87.00	86.70	90.10
42		84.40	84.10	87.35	42		88.95	88.65	92.05
43		86.10	85.80	89.05	43		90.75	90.45	93.85
44		87.85	87.55	90.80	44		92.60	92.30	95.70
45		89.45	89.15	92.40	45		94.30	93.95	97.40
46		90.80	90.50	93.75	46		95.70	95.40	98.80
47		92.45	92.15	95.40	47		97.45	97.15	100.55
48		93.90	93.60	96.85	48		98.95	98.65	102.10
49		95.30	95.00	98.25	49		100.45	100.15	103.55
50		96.80	96.50	99.75	50		102.05	101.70	105.15
51		98.40	98.10	101.35	51		103.70	103.40	106.80
52		99.80	99.50	102.75	52		105.20	104.85	108.30
53		101.35	101.05	104.30	53		106.80	106.50	109.95
54		102.80	102.50	105.75	54		108.35	108.05	111.45
55		104.30	104.00	107.25	55		109.95	109.60	113.05
56		105.85	105.55	108.80	56		111.55	111.25	114.70
57		107.30	107.00	110.25	57		113.10	112.80	116.20
58		108.85	108.55	111.80	58		114.75	114.40	117.85
59		110.45	110.15	113.40	59		116.40	116.10	119.50
60		112.20	111.90	115.15	60		118.25	117.95	121.35
61		114.10	113.80	117.05	61		120.25	119.95	123.35
62		115.85	115.55	118.80	62		122.10	121.80	125.20
63		117.55	117.25	120.50	63		123.90	123.60	127.00
64		119.50	119.20	122.45	64		125.95	125.65	129.05
65		121.20	120.90	124.15	65		127.75	127.45	130.85
66		123.10	122.80	126.05	66		129.75	129.45	132.85
67		124.80	124.50	127.75	67		131.55	131.20	134.65
68		126.70	126.40	129.65	68		133.55	133.25	136.65
69		128.45	128.15	131.40	69		135.40	135.05	138.50
70		130.25	129.95	133.20	70		137.30	136.95	140.40

**SCHEDULES 121, 122, AND 123**

**NOTES**

1. The applicable 1/2-pound rate is charged for matter sent in a flat-rate envelope provided by the Postal Service.
2. Add \$13.25 [\$12.50] for each pickup stop.
3. Add \$13.25 [\$12.50] for each Custom Designed delivery stop.

**FIRST-CLASS MAIL  
RATE SCHEDULE 221  
LETTERS AND SEALED PARCELS**

	<u>Current</u>	<u>Proposed</u>
<b>Single-Piece</b>		
First ounce	\$0.370	\$0.390
Additional ounces	0.230	0.240
Nonmachinable surcharge	0.120	0.130
Qualified Business Reply Mail	0.340	0.358
<b>Presorted</b>		
First ounce	0.352	0.371
Additional ounces	0.225	0.237
Nonmachinable surcharge	0.055	0.058
Heavy piece discount, per piece	0.041	0.043
<b>Automation Letters</b>		
Mixed AADC	0.309	0.326
AADC	0.301	0.317
3-digit	0.292	0.308
5-digit	0.278	0.293
Carrier route	0.275	0.290
Additional ounces	0.225	0.237
Heavy piece discount, per piece	0.041	0.043
<b>Automation Flats</b>		
Mixed ADC	0.341	0.359
ADC	0.333	0.351
3-digit	0.322	0.339
5-digit	0.302	0.318
Additional ounces	0.225	0.237
Nonmachinable surcharge	0.055	0.058
Heavy piece discount, per piece	0.041	0.043

## **SCHEDULE 221**

### **NOTES**

1. A mailing fee of \$160.00 [\$150.00] must be paid once each year at each office of mailing by any person who mails at presorted or automation rates. Payment of the fee allows the mailer to mail at any First-Class Mail rate. For presorted or automation pieces weighing more than 2 ounces, subtract 4.3 [4.1] cents per piece.
2. First-Class Mail rates apply through 13 ounces. Heavier pieces are subject to Priority Mail rates.
3. Add \$0.005 per piece for Presorted, Automation Letters and Automation Flats pieces bearing a Repositionable Note as defined in Classification Schedule 221.221, 221.326, and 221.336.

**FIRST-CLASS MAIL  
RATE SCHEDULE 222  
CARDS**

	<u>Current</u>	<u>Proposed</u>
<b>Regular</b>		
Single-piece cards	\$0.230	\$0.240
Qualified Business Reply Mail	0.200	0.211
<b>Presorted</b>	0.212	0.223
<b>Automation</b>		
Mixed AADC	0.194	0.204
AADC	0.187	0.197
3-digit	0.183	0.193
5-digit	0.176	0.186
Carrier route	0.170	0.179

**SCHEDULE 222**

**NOTES**

1. A mailing fee of \$160.00 [\$150.00] must be paid once each year at each office of mailing by any person who mails at presorted or automation rates. Payment of the fee allows the mailer to mail at any First-Class Mail rate.

**FIRST-CLASS MAIL  
 RATE SCHEDULE 223  
 PRIORITY MAIL**

<b>Current</b>							<b>Proposed</b>						
<b>Weight (lbs.)</b>	<b>Local, Zones 1, 2 &amp; 3</b>	<b>Zone 4</b>	<b>Zone 5</b>	<b>Zone 6</b>	<b>Zone 7</b>	<b>Zone 8</b>	<b>Weight (lbs.)</b>	<b>Local, Zones 1, 2 &amp; 3</b>	<b>Zone 4</b>	<b>Zone 5</b>	<b>Zone 6</b>	<b>Zone 7</b>	<b>Zone 8</b>
1	\$3.85	\$3.85	\$3.85	\$3.85	\$3.85	\$3.85	1	\$4.05	\$4.05	\$4.05	\$4.05	\$4.05	\$4.05
2	3.95	4.55	4.90	5.05	5.40	5.75	2	4.20	4.80	5.15	5.30	5.70	6.05
3	4.75	6.05	6.85	7.15	7.85	8.55	3	5.00	6.40	7.20	7.55	8.25	9.00
4	5.30	7.05	8.05	8.50	9.45	10.35	4	5.60	7.45	8.50	8.95	9.95	10.90
5	5.85	8.00	9.30	9.85	11.00	12.15	5	6.15	8.45	9.80	10.40	11.60	12.80
6	6.30	8.85	9.90	10.05	11.30	12.30	6	6.65	9.35	10.45	10.60	11.90	12.95
7	6.80	9.80	10.65	11.00	12.55	14.05	7	7.15	10.35	11.25	11.60	13.25	14.80
8	7.35	10.75	11.45	11.95	13.80	15.75	8	7.75	11.35	12.05	12.60	14.55	16.60
9	7.90	11.70	12.20	12.90	15.05	17.50	9	8.35	12.35	12.85	13.60	15.85	18.45
10	8.40	12.60	13.00	14.00	16.30	19.20	10	8.85	13.30	13.70	14.75	17.20	20.25
11	8.95	13.35	13.75	15.15	17.55	20.90	11	9.45	14.05	14.50	15.95	18.50	22.05
12	9.50	14.05	14.50	16.30	18.80	22.65	12	10.00	14.80	15.30	17.20	19.80	23.85
13	10.00	14.75	15.30	17.50	20.05	24.35	13	10.55	15.55	16.15	18.45	21.15	25.65
14	10.55	15.45	16.05	18.60	21.25	26.05	14	11.10	16.30	16.90	19.60	22.40	27.45
15	11.05	16.20	16.85	19.75	22.50	27.80	15	11.65	17.05	17.75	20.80	23.70	29.30
16	11.60	16.90	17.60	20.85	23.75	29.50	16	12.25	17.80	18.55	22.00	25.05	31.10
17	12.15	17.60	18.35	22.05	25.00	31.20	17	12.80	18.55	19.35	23.25	26.35	32.90
18	12.65	18.30	19.30	23.15	26.25	32.95	18	13.35	19.30	20.35	24.40	27.65	34.75
19	13.20	19.00	20.20	24.30	27.50	34.65	19	13.90	20.05	21.30	25.60	29.00	36.50
20	13.75	19.75	21.15	25.35	28.75	36.40	20	14.50	20.80	22.30	26.70	30.30	38.35
21	14.25	20.45	22.05	26.55	30.00	38.10	21	15.00	21.55	23.25	28.00	31.60	40.15
22	14.80	21.15	22.95	27.65	31.20	39.80	22	15.60	22.30	24.20	29.15	32.90	41.95
23	15.30	21.85	23.90	28.80	32.45	41.55	23	16.15	23.05	25.20	30.35	34.20	43.80
24	15.85	22.55	24.85	29.90	33.70	43.25	24	16.70	23.75	26.20	31.50	35.50	45.60
25	16.40	23.30	25.75	31.10	34.95	44.95	25	17.30	24.55	27.15	32.80	36.85	47.40
26	16.90	24.00	26.60	32.25	36.20	46.70	26	17.80	25.30	28.05	34.00	38.15	49.20
27	17.45	24.70	27.55	33.35	37.45	48.40	27	18.40	26.05	29.05	35.15	39.45	51.00
28	18.00	25.40	28.50	34.50	38.70	50.15	28	18.95	26.75	30.05	36.35	40.80	52.85
29	18.50	26.15	29.45	35.60	39.95	51.85	29	19.50	27.55	31.05	37.50	42.10	54.65
30	19.05	26.85	30.35	36.80	41.20	53.55	30	20.10	28.30	32.00	38.80	43.40	56.45
31	19.55	27.55	31.20	37.85	42.40	55.30	31	20.60	29.05	32.90	39.90	44.70	58.30
32	20.10	28.25	32.15	39.00	43.65	57.00	32	21.20	29.80	33.90	41.10	46.00	60.10
33	20.65	28.95	33.10	40.10	44.90	58.70	33	21.75	30.50	34.90	42.25	47.30	61.85
34	21.15	29.70	34.00	41.25	46.15	60.45	34	22.30	31.30	35.85	43.50	48.65	63.70
35	21.70	30.40	34.95	42.40	47.40	62.15	35	22.85	32.05	36.85	44.70	49.95	65.50

**FIRST-CLASS MAIL  
 RATE SCHEDULE 223 (CONTINUED)  
 PRIORITY MAIL**

<b>Current</b>							<b>Proposed</b>						
<b>Weight (lbs.)</b>	<b>Local, Zones</b>						<b>Weight (lbs.)</b>	<b>Local, Zones</b>					
	<b>1, 2 &amp; 3</b>	<b>Zone 4</b>	<b>Zone 5</b>	<b>Zone 6</b>	<b>Zone 7</b>	<b>Zone 8</b>		<b>1, 2 &amp; 3</b>	<b>Zone 4</b>	<b>Zone 5</b>	<b>Zone 6</b>	<b>Zone 7</b>	<b>Zone 8</b>
<b>36</b>	\$22.25	\$31.10	\$35.85	\$43.55	\$48.65	\$63.85	<b>36</b>	\$23.45	\$32.80	\$37.80	\$45.90	\$51.30	\$67.30
<b>37</b>	22.75	31.95	36.80	44.65	49.90	65.60	<b>37</b>	24.00	33.70	38.80	47.05	52.60	69.15
<b>38</b>	23.30	32.65	37.70	45.85	51.15	67.30	<b>38</b>	24.55	34.40	39.75	48.35	53.90	70.95
<b>39</b>	23.75	33.50	38.65	47.00	52.40	69.05	<b>39</b>	25.05	35.30	40.75	49.55	55.25	72.80
<b>40</b>	24.25	34.30	39.60	48.10	53.60	70.75	<b>40</b>	25.55	36.15	41.75	50.70	56.50	74.55
<b>41</b>	24.70	35.00	40.45	49.25	54.85	72.45	<b>41</b>	26.05	36.90	42.65	51.90	57.80	76.35
<b>42</b>	25.20	35.85	41.35	50.30	56.15	74.20	<b>42</b>	26.55	37.80	43.60	53.00	59.20	78.20
<b>43</b>	25.65	36.60	42.30	51.50	57.40	75.90	<b>43</b>	27.05	38.60	44.60	54.30	60.50	80.00
<b>44</b>	26.15	37.40	43.25	52.60	58.70	77.60	<b>44</b>	27.55	39.40	45.60	55.45	61.85	81.80
<b>45</b>	26.60	38.20	44.15	53.75	59.95	79.35	<b>45</b>	28.05	40.25	46.55	56.65	63.20	83.65
<b>46</b>	27.10	39.00	45.05	54.85	61.20	81.05	<b>46</b>	28.55	41.10	47.50	57.80	64.50	85.45
<b>47</b>	27.55	39.75	46.00	56.05	62.50	82.75	<b>47</b>	29.05	41.90	48.50	59.10	65.90	87.20
<b>48</b>	28.05	40.60	46.95	57.20	63.75	84.50	<b>48</b>	29.55	42.80	49.50	60.30	67.20	89.05
<b>49</b>	28.50	41.35	47.80	58.30	65.05	86.20	<b>49</b>	30.05	43.60	50.40	61.45	68.55	90.85
<b>50</b>	28.95	42.15	48.75	59.45	66.30	87.95	<b>50</b>	30.50	44.45	51.40	62.65	69.90	92.70
<b>51</b>	29.45	42.95	49.65	60.55	67.55	89.65	<b>51</b>	31.05	45.25	52.35	63.80	71.20	94.50
<b>52</b>	29.90	43.75	50.60	61.75	68.80	91.35	<b>52</b>	31.50	46.10	53.35	65.10	72.50	96.30
<b>53</b>	30.40	44.50	51.50	62.85	70.05	93.10	<b>53</b>	32.05	46.90	54.30	66.25	73.85	98.15
<b>54</b>	30.85	45.25	52.45	63.95	71.30	94.80	<b>54</b>	32.50	47.70	55.30	67.40	75.15	99.90
<b>55</b>	31.35	46.10	53.40	65.05	72.50	96.50	<b>55</b>	33.05	48.60	56.30	68.55	76.40	101.70
<b>56</b>	31.80	46.85	54.25	66.25	73.75	98.25	<b>56</b>	33.50	49.40	57.20	69.85	77.75	103.55
<b>57</b>	32.30	47.65	55.15	67.35	75.00	99.95	<b>57</b>	34.05	50.20	58.15	71.00	79.05	105.35
<b>58</b>	32.75	48.45	56.10	68.50	76.25	101.65	<b>58</b>	34.50	51.05	59.15	72.20	80.35	107.15
<b>59</b>	33.25	49.25	57.05	69.60	77.50	103.40	<b>59</b>	35.05	51.90	60.15	73.35	81.70	109.00
<b>60</b>	33.70	50.00	58.00	70.80	78.75	105.10	<b>60</b>	35.50	52.70	61.15	74.60	83.00	110.80
<b>61</b>	34.20	50.85	58.85	71.95	80.00	106.85	<b>61</b>	36.05	53.60	62.05	75.85	84.30	112.60
<b>62</b>	34.65	51.55	59.80	73.05	81.25	108.55	<b>62</b>	36.50	54.35	63.05	77.00	85.65	114.40
<b>63</b>	35.15	52.40	60.75	74.20	82.50	110.25	<b>63</b>	37.05	55.25	64.05	78.20	86.95	116.20
<b>64</b>	35.60	53.20	61.70	75.35	83.70	112.00	<b>64</b>	37.50	56.05	65.05	79.40	88.20	118.05
<b>65</b>	36.10	53.90	62.50	76.45	84.95	113.70	<b>65</b>	38.05	56.80	65.90	80.60	89.55	119.85
<b>66</b>	36.55	54.75	63.45	77.55	86.20	115.40	<b>66</b>	38.50	57.70	66.90	81.75	90.85	121.65
<b>67</b>	37.05	55.60	64.40	78.70	87.45	117.15	<b>67</b>	39.05	58.60	67.90	82.95	92.15	123.50
<b>68</b>	37.50	56.30	65.35	79.80	88.70	118.85	<b>68</b>	39.50	59.35	68.90	84.10	93.50	125.25
<b>69</b>	38.00	57.10	66.25	81.00	89.95	120.55	<b>69</b>	40.05	60.20	69.85	85.35	94.80	127.05
<b>70</b>	38.45	57.95	67.15	82.10	91.20	122.30	<b>70</b>	40.55	61.10	70.80	86.55	96.10	128.90

## **SCHEDULE 223**

### **NOTES**

1. The 1-pound rate is charged for matter sent in a flat-rate envelope provided by the Postal Service.
2. Add \$13.25 [\$12.50] for each pickup stop.
3. EXCEPTION: Parcels weighing less than 15 pounds, measuring over 84 inches in length and girth combined, are chargeable with a minimum rate equal to that for a 15-pound parcel for the zone to which addressed.
4. A rate of \$8.10 [\$7.70] is charged for matter sent in a flat rate box provided by the Postal Service (experimental).

**STANDARD MAIL  
 RATE SCHEDULE 321A  
 REGULAR SUBCLASS  
 PRESORTED CATEGORIES**

	<u>Current</u>	<u>Proposed</u>
<b>Letters, minimum piece rate</b>		
Piece Rate		
Basic	\$0.268	\$0.282
3/5-digit	0.248	0.261
Destination Entry Discounts		
BMC	0.021	0.022
SCF	0.026	0.027
<b>Nonletters, minimum piece rate</b>		
Piece Rate		
Basic	0.344	0.363
3/5-digit	0.288	0.304
Destination Entry Discounts		
BMC	0.021	0.022
SCF	0.026	0.027
<b>Nonletters, piece and pound rate</b>		
Piece Rate		
Basic	0.198	0.209
3/5-digit	0.142	0.150
Pound Rate	0.708	0.746
Destination Entry Discounts (off pound rate)		
BMC	0.100	0.105
SCF	0.125	0.132

**SCHEDULE 321A**

**NOTES**

1. A fee of ~~\$160.00~~[\$150.00] must be paid each 12-month period for each bulk mailing permit.
2. Residual shape pieces are subject to a surcharge of ~~\$0.242~~[\$0.23] per piece. For parcel barcode discount, deduct \$0.03 per piece (machinable parcels only).
3. For nonletters, the mailer pays either the minimum piece rate or the pound rate, whichever is higher.
4. Nonmachinable letters are subject to a ~~\$0.042~~[\$0.04] nonmachinable surcharge.
5. Pieces entered as Customized Market Mail, as defined in DMCS section 321.22, are subject to the nondestination entry, nonletter minimum per-piece basic rate and the residual shape surcharge.
6. Add \$0.015 per piece for pieces bearing a Repositionable Note as defined in Classification Schedule 321.8.

**STANDARD MAIL  
 RATE SCHEDULE 321B  
 REGULAR SUBCLASS  
 AUTOMATION CATEGORIES**

	<u>Current</u>	<u>Proposed</u>
<b>Letters, minimum piece rate</b>		
Piece Rate		
Mixed AADC	\$0.219	0.231
AADC	0.212	0.223
3-digit	0.203	0.214
5-digit	0.190	0.200
Destination Entry Discounts		
BMC	0.021	0.022
SCF	0.026	0.027
<b>Flats, minimum piece rate</b>		
Piece Rate		
Basic	0.300	0.316
3/5-digit	0.261	0.275
Destination Entry Discounts		
BMC	0.021	0.022
SCF	0.026	0.027
<b>Flats, piece and pound rate</b>		
Piece Rate		
Basic	0.154	0.162
3/5-digit	0.115	0.121
Pound Rate	0.708	0.746
Destination Entry Discounts (off pound rate)		
BMC	0.100	0.105
SCF	0.125	0.132

**SCHEDULE 321B**

**NOTES**

1. A fee of ~~\$160.00~~[\$150.00] must be paid each 12-month period for each bulk mailing permit.
2. Letters that weigh more than 3.3 ounces but not more than 3.5 ounces pay the nonletter piece and pound rate but receive a discount off the piece rate equal to the applicable nonletter minimum piece rate minus the applicable letter minimum piece rate corresponding to the correct presort tier.
3. For nonletters, the mailer pays either the minimum piece rate or the pound rate, whichever is higher.
4. Add \$0.015 per piece for pieces bearing a Repositionable Note as defined in Classification Schedule 321.8.

**STANDARD MAIL  
 RATE SCHEDULE 322  
 ENHANCED CARRIER ROUTE SUBCLASS**

	<u>Current</u>	<u>Proposed</u>
<b>Letters, minimum piece rate</b>		
Piece Rate		
Basic	\$0.194	\$0.204
High density	0.164	0.173
Saturation	0.152	0.160
Automation Basic	0.171	0.180
Destination Entry Discounts		
BMC	0.021	0.022
SCF	0.026	0.027
DDU	0.032	0.033
<b>Nonletters, minimum piece rate</b>		
Piece Rate		
Basic	0.194	0.204
High density	0.169	0.178
Saturation	0.160	0.169
Destination Entry Discounts		
BMC	0.021	0.022
SCF	0.026	0.027
DDU	0.032	0.033
<b>Nonletters, piece and pound rate</b>		
Piece Rate		
Basic	0.068	0.072
High density	0.043	0.045
Saturation	0.034	0.036
Pound Rate	0.610	0.643
Destination Entry Discounts (off pound rate)		
BMC	0.100	0.105
SCF	0.125	0.132
DDU	0.157	0.166

## **SCHEDULE 322**

### **NOTES**

1. A fee of \$160.00[\$150.00] must be paid each 12-month period for each bulk mailing permit.
2. Residual shape pieces are subject to a surcharge of \$0.211[\$0.20] per piece.
3. For nonletters, the mailer pays either the minimum piece rate or the pound rate, whichever is higher.
4. Pieces that otherwise meet the requirements for basic automation, high density, and saturation letter rates that weigh more than 3.3 ounces but not more than 3.5 ounces pay the nonletter piece and pound rate but receive a discount off the piece rate equal to the applicable nonletter minimum piece rate minus the applicable letter minimum piece rate corresponding to the correct presort tier.
5. For letter-size pieces, not meeting the automation requirements specified by the Postal Service, the mailer pays the nonletter rate for the applicable density tier.

**NONPROFIT SUBCLASS  
PRESORTED CATEGORIES**

	<u>Current</u>	<u>Proposed</u>
<b>Letters, minimum piece rate</b>		
Piece Rate		
Basic	\$0.165	\$0.174
3/5-digit	0.153	0.161
Destination Entry Discounts		
BMC	0.021	0.022
SCF	0.026	0.027
<b>Nonletters, minimum piece rate</b>		
Piece Rate		
Basic	0.230	0.242
3/5-digit	0.183	0.193
Destination Entry Discounts		
BMC	0.021	0.022
SCF	0.026	0.027
<b>Nonletters, piece and pound rate</b>		
Piece Rate		
Basic	0.110	0.116
3/5-digit	0.063	0.066
Pound Rate	0.584	0.616
Destination Entry Discounts (off pound rate)		
BMC	0.100	0.105
SCF	0.125	0.132

**SCHEDULE 323A**

**NOTES**

1. A fee of ~~\$160.00~~[\$150.00] must be paid each 12-month period for each bulk mailing permit.
2. Residual shape pieces are subject to a surcharge of ~~\$0.242~~[\$0.23] per piece. For parcel barcode discount, deduct \$0.03 per piece ([non]machinable parcels only).
3. For nonletters, the mailer pays either the minimum piece rate or the pound rate, whichever is higher.
4. Nonmachinable letters are subject to a ~~\$0.021~~[\$0.02] nonmachinable surcharge.
5. Pieces entered as Customized Market Mail, as defined in DMCS sections 321.22 and 323.22, are subject to the nondestination entry, nonletter minimum per-piece basic rate and the residual shape surcharge.

**STANDARD MAIL  
 RATE SCHEDULE 323B  
 NONPROFIT SUBCLASS  
 AUTOMATION CATEGORIES**

	<u>Current</u>	<u>Proposed</u>
<b>Letters, minimum piece rate</b>		
Piece Rate		
Mixed AADC	0.144	0.152
AADC	0.136	0.143
3-digit	0.129	0.136
5-digit	0.114	0.120
Destination Entry Discounts		
BMC	0.021	0.022
SCF	0.026	0.027
<b>Flats, minimum piece rate</b>		
Piece Rate		
Basic	0.189	0.199
3/5-digit	0.166	0.175
Destination Entry Discounts		
BMC	0.021	0.022
SCF	0.026	0.027
<b>Flats, piece and pound rate</b>		
Piece Rate		
Basic	0.069	0.073
3/5-digit	0.046	0.048
Pound Rate	0.584	0.616
Destination Entry Discounts (off pound rate)		
BMC	0.100	0.105
SCF	0.125	0.132

**SCHEDULE 323B**

**NOTES**

1. A fee of ~~\$160.00~~[\$150.00] must be paid each 12-month period for each bulk mailing permit.
2. Letters that weigh more than 3.3 ounces but not more than 3.5 ounces pay the nonletter piece and pound rate but receive a discount off the piece rate equal to the applicable nonletter minimum piece rate minus the applicable letter minimum piece rate corresponding to the correct presort tier.
3. For nonletters, the mailer pays either the minimum piece rate or the pound rate, whichever is higher.

**STANDARD MAIL  
 RATE SCHEDULE 324  
 NONPROFIT ENHANCED CARRIER ROUTE SUBCLASS**

	<u>Current</u>	<u>Proposed</u>
<b>Letters, minimum piece rate</b>		
Piece Rate		
Basic	\$0.126	\$0.133
High density	0.102	0.108
Saturation	0.095	0.100
Automation Basic	0.111	0.117
Destination Entry Discounts		
BMC	0.021	0.022
SCF	0.026	0.027
DDU	0.032	0.033
<b>Nonletters, minimum piece rate</b>		
Piece Rate		
Basic	0.126	0.133
High density	0.110	0.116
Saturation	0.104	0.110
Destination Entry Discounts		
BMC	0.021	0.022
SCF	0.026	0.027
DDU	0.032	0.033
<b>Nonletters, piece and pound rate</b>		
Piece Rate		
Basic	0.050	0.053
High density	0.034	0.036
Saturation	0.028	0.030
Pound Rate	0.370	0.390
Destination Entry Discounts (off pound rate)		
BMC	0.100	0.105
SCF	0.125	0.132
DDU	0.157	0.166

## **SCHEDULE 324**

### **NOTES**

1. A fee of ~~\$160.00~~[\$150.00] must be paid each 12-month period for each bulk mailing permit.
2. Residual shape pieces are subject to a surcharge of ~~\$0.211~~[\$0.20] per piece.
3. For nonletters, the mailer pays either the minimum piece rate or the pound rate, whichever is higher.
4. Pieces that otherwise meet the requirements for basic automation, high density, and saturation letter rates that weigh more than 3.3 ounces but not more than 3.5 ounces pay the nonletter piece and pound rate but receive a discount off the piece rate equal to the applicable nonletter minimum piece rate minus the applicable letter minimum piece rate corresponding to the correct presort tier.
5. For letter-size pieces, not meeting the automation requirements specified by the Postal Service, the mailer pays the nonletter rate for the applicable density tier.

**PERIODICALS  
 RATE SCHEDULE 421  
 OUTSIDE-COUNTY (INCLUDING SCIENCE-OF-AGRICULTURE)**

	<u>Unit</u>	<u>Current</u>	<u>Proposed</u>
<b>Outside-County</b>			
<b>Advertising</b>			
Destinating delivery unit	Pound	0.158	0.167
Destinating SCF	Pound	0.203	0.214
Destinating ADC	Pound	0.223	0.235
Zones 1 & 2	Pound	0.248	0.261
Zone 3	Pound	0.267	0.281
Zone 4	Pound	0.315	0.332
Zone 5	Pound	0.389	0.410
Zone 6	Pound	0.466	0.491
Zone 7	Pound	0.559	0.589
Zone 8	Pound	0.638	0.672
<b>Nonadvertising</b>	Pound	0.193	0.203
<b>Science-of-Agriculture</b>			
<b>Advertising</b>			
Delivery unit	Pound	0.119	0.125
DSCF	Pound	0.152	0.160
DADC	Pound	0.167	0.176
Zones 1 & 2	Pound	0.186	0.196
Zone 3	Pound	0.267	0.281
Zone 4	Pound	0.315	0.332
Zone 5	Pound	0.389	0.410
Zone 6	Pound	0.466	0.491
Zone 7	Pound	0.559	0.589
Zone 8	Pound	0.638	0.672
<b>Nonadvertising</b>	Pound	0.193	0.203

**PERIODICALS  
 RATE SCHEDULE 421 (CONTINUED)  
 OUTSIDE-COUNTY (INCLUDING SCIENCE-OF-AGRICULTURE)**

	<u>Unit</u>	<u>Current</u>	<u>Proposed</u>
<b>Outside-County and Science-of-Agriculture</b>			
<b>Basic</b>			
Nonautomation	Piece	0.373	0.393
Automation letter	Piece	0.281	0.296
Automation flat	Piece	0.325	0.343
<b>3-Digit</b>			
Nonautomation	Piece	0.324	0.341
Automation letter	Piece	0.249	0.262
Automation flat	Piece	0.283	0.298
<b>5-Digit</b>			
Nonautomation	Piece	0.256	0.270
Automation letter	Piece	0.195	0.206
Automation flat	Piece	0.226	0.238
<b>Carrier Route</b>			
Basic	Piece	0.163	0.172
High density	Piece	0.131	0.138
Saturation	Piece	0.112	0.118
<b>Discounts</b>			
Percentage editorial discount	Piece	0.00074	0.00078
Worksharing discount DDU	Piece	0.018	0.019
Worksharing discount DSCF	Piece	0.008	0.008
Worksharing discount DADC	Piece	0.002	0.002
Worksharing discount destination entry pallets	Piece	0.015	0.016
Worksharing discount pallets (other than destination entry)	Piece	0.005	0.005

**PERIODICALS**  
**RATE SCHEDULE 421 (CONTINUED)**  
**OUTSIDE-COUNTY (INCLUDING SCIENCE-OF-AGRICULTURE)**

**Experimental Discounts**

Co-palletization discounts DSCF	Piece	0.010	0.011
Zones 1&2 Avoided	Pound	0.014	0.015
Zone 3 Avoided	Pound	0.019	0.020
Zone 4 Avoided	Pound	0.034	0.036
Zone 5 Avoided	Pound	0.056	0.059
Zone 6 Avoided	Pound	0.079	0.083
Zone 7 Avoided	Pound	0.107	0.113
Zone 8 Avoided	Pound	0.131	0.138
Co-palletization discounts DADC	Piece	0.007	0.007
Zones 1&2 Avoided	Pound	0.008	0.008
Zone 3 Avoided	Pound	0.013	0.014
Zone 4 Avoided	Pound	0.028	0.030
Zone 5 Avoided	Pound	0.050	0.053
Zone 6 Avoided	Pound	0.073	0.077
Zone 7 Avoided	Pound	0.101	0.106
Zone 8 Avoided	Pound	0.125	0.132

## SCHEDULE 421

### NOTES

1. The rates in this schedule also apply to Nonprofit (DMCS Section 422.2) and Classroom rate categories. These categories receive a 5 percent discount on all components of postage except advertising pounds. Moreover, the 5 percent discount does not apply to commingled nonsubscriber, nonrequestor, complimentary, and sample copies in excess of the 10 percent allowance under DMCS sections 412.34 and 413.42, or to Science-of-Agriculture mail.
2. Rates do not apply to otherwise Outside-County mail that qualifies for the Within-County rates in Schedule 423.
3. Charges are computed by adding the appropriate per-piece charge to the sum of the nonadvertising pound portion and the advertising pound portion, as applicable.
4. For postage calculations, multiply the proportion of nonadvertising content by this factor and subtract from the applicable piece rate.
5. Advertising pound rate is not applicable to qualifying Nonprofit and Classroom publications containing 10 percent or less advertising content.
6. For a Ride-Along item enclosed with or attached to a Periodical, add \$0.131 [\$0.124] per copy.
7. Experimental discounts expire the later of a) October 3, 2006, or b) if, by the expiration date specified in (a), a proposal for a permanent replacement for the co-palletization dropship discounts is pending before the Postal Rate Commission, then 1) three months after the Commission takes action on such request under 39 U.S.C. § 3624 or, if applicable, 2) on the implementation date for a permanent replacement for the co-palletization dropship discounts.
8. Add \$0.015 per piece for pieces bearing a Repositionable Note as defined in Classification Schedule 424.

**PERIODICALS  
 RATE SCHEDULE 423  
 WITHIN-COUNTY**

	<u>Unit</u>	<u>Current</u>	<u>Proposed</u>
Delivery unit	Pound	0.112	0.106
All other zones	Pound	0.146	0.138
<b>Basic</b>			
Nonautomation	Piece	0.106	0.100
Automation letter	Piece	0.050	0.047
Automation flat	Piece	0.077	0.073
<b>3-Digit</b>			
Nonautomation	Piece	0.097	0.092
Automation letter	Piece	0.048	0.045
Automation flat	Piece	0.073	0.069
<b>5-Digit</b>			
Nonautomation	Piece	0.087	0.082
Automation letter	Piece	0.046	0.043
Automation flat	Piece	0.067	0.063
<b>Carrier Route</b>			
Basic	Piece	0.050	0.047
High density	Piece	0.034	0.032
Saturation	Piece	0.028	0.026
<b>Discounts</b>			
Worksharing discount DDU	Piece	0.006	0.006
Note:		<u>Current</u>	<u>Proposed</u>
Ride-along per-piece rate		0.124	0.131

**SCHEDULE 423**

**NOTES**

1. Charges are computed by adding the appropriate per-piece charge to the appropriate pound charge.
2. For a Ride-Along item enclosed with or attached to a periodical, add \$0.131 [\$0.124] per copy.
3. Add \$0.015 per piece for pieces bearing a Repositionable Note as defined in Classification Schedule 424.

**PACKAGE SERVICES  
 RATE SCHEDULE 521.2A  
 PARCEL POST INTER-BMC RATES**

**Current**

**Proposed**

Weight (lbs.)	Zones 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Weight (lbs.)	Zones 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
1	\$3.69	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75	1	\$3.89	\$3.95	\$3.95	\$3.95	\$3.95	\$3.95	\$3.95
2	3.85	3.85	4.14	4.14	4.49	4.49	4.49	2	4.06	4.06	4.36	4.36	4.73	4.73	4.73
3	4.65	4.65	5.55	5.65	5.71	5.77	6.32	3	4.90	4.90	5.85	5.96	6.02	6.08	6.66
4	4.86	5.20	6.29	6.93	7.14	7.20	7.87	4	5.12	5.48	6.63	7.30	7.53	7.59	8.29
5	5.03	5.71	6.94	7.75	8.58	8.64	9.43	5	5.30	6.02	7.31	8.17	9.04	9.11	9.94
6	5.63	6.01	7.44	8.50	9.52	9.90	11.49	6	5.93	6.33	7.84	8.96	10.03	10.43	12.11
7	5.80	6.28	7.91	9.20	10.35	11.39	12.83	7	6.11	6.62	8.34	9.70	10.91	12.01	13.52
8	5.98	6.53	8.30	9.84	11.11	12.54	15.04	8	6.30	6.88	8.75	10.37	11.71	13.22	15.85
9	6.11	6.76	8.74	10.45	11.83	13.38	17.04	9	6.44	7.13	9.21	11.01	12.47	14.10	17.96
10	6.28	7.57	9.10	11.01	12.50	14.17	18.14	10	6.62	7.98	9.59	11.60	13.18	14.94	19.12
11	6.41	7.80	9.47	11.54	13.13	14.92	19.15	11	6.76	8.22	9.98	12.16	13.84	15.73	20.18
12	6.54	8.01	9.80	12.04	13.72	15.62	20.10	12	6.89	8.44	10.33	12.69	14.46	16.46	21.19
13	6.67	8.19	10.12	12.51	14.28	16.27	20.99	13	7.03	8.63	10.67	13.19	15.05	17.15	22.12
14	6.80	8.42	10.43	12.95	14.81	16.90	21.84	14	7.17	8.87	10.99	13.65	15.61	17.81	23.02
15	6.92	8.61	10.73	13.38	15.31	17.49	22.64	15	7.29	9.07	11.31	14.10	16.14	18.43	23.86
16	7.02	8.79	11.00	13.78	15.79	18.05	23.41	16	7.40	9.26	11.59	14.52	16.64	19.02	24.67
17	7.15	8.94	11.28	14.16	16.24	18.59	24.13	17	7.54	9.42	11.89	14.92	17.12	19.59	25.43
18	7.25	9.11	11.52	14.52	16.68	19.09	24.82	18	7.64	9.60	12.14	15.30	17.58	20.12	26.16
19	7.37	9.28	11.77	14.87	17.09	19.58	25.48	19	7.77	9.78	12.41	15.67	18.01	20.64	26.86
20	7.46	9.43	11.98	15.20	17.48	20.05	26.12	20	7.86	9.94	12.63	16.02	18.42	21.13	27.53
21	7.57	9.59	12.20	15.52	17.86	20.49	26.72	21	7.98	10.11	12.86	16.36	18.82	21.60	28.16
22	7.66	9.72	12.42	15.82	18.22	20.92	27.30	22	8.07	10.24	13.09	16.67	19.20	22.05	28.77
23	7.76	9.89	12.65	16.11	18.57	21.32	27.85	23	8.18	10.42	13.33	16.98	19.57	22.47	29.35
24	7.83	10.01	12.83	16.39	18.90	21.72	28.39	24	8.25	10.55	13.52	17.28	19.92	22.89	29.92
25	7.93	10.14	13.03	16.66	19.22	22.09	28.90	25	8.36	10.69	13.73	17.56	20.26	23.28	30.46
26	8.01	10.27	13.21	16.92	19.53	22.46	29.39	26	8.44	10.82	13.92	17.83	20.58	23.67	30.98
27	8.11	10.40	13.38	17.17	19.83	22.81	29.87	27	8.55	10.96	14.10	18.10	20.90	24.04	31.48
28	8.18	10.52	13.58	17.41	20.11	23.14	30.32	28	8.62	11.09	14.31	18.35	21.20	24.39	31.96
29	8.27	10.65	13.75	17.64	20.39	23.47	30.76	29	8.72	11.23	14.49	18.59	21.49	24.74	32.42
30	8.35	10.76	13.90	17.87	20.65	23.78	31.19	30	8.80	11.34	14.65	18.83	21.77	25.06	32.87
31	8.44	10.86	14.06	18.08	20.91	24.08	31.60	31	8.90	11.45	14.82	19.06	22.04	25.38	33.31
32	8.50	10.99	14.22	18.29	21.16	24.37	32.00	32	8.96	11.58	14.99	19.28	22.30	25.69	33.73
33	8.58	11.10	14.38	18.49	21.40	24.65	32.38	33	9.04	11.70	15.16	19.49	22.56	25.98	34.13
34	8.66	11.18	14.51	18.69	21.63	24.93	32.75	34	9.13	11.78	15.29	19.70	22.80	26.28	34.52
35	8.74	11.30	14.66	18.88	21.85	25.19	33.11	35	9.21	11.91	15.45	19.90	23.03	26.55	34.90

**PACKAGE SERVICES  
 RATE SCHEDULE 521.2A (CONTINUED)  
 PARCEL POST INTER-BMC RATES**

**Current**

**Proposed**

Weight (lbs.)	Zones 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Weight (lbs.)	Zones 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
36	\$8.80	\$11.39	\$14.82	\$19.06	\$22.07	\$25.45	\$33.45	36	\$9.28	\$12.01	\$15.62	\$20.09	\$23.26	\$26.82	\$35.26
37	8.87	11.48	14.93	19.23	22.28	25.69	33.79	37	9.35	12.10	15.74	20.27	23.48	27.08	35.61
38	8.94	11.60	15.07	19.41	22.48	25.93	34.12	38	9.42	12.23	15.88	20.46	23.69	27.33	35.96
39	9.02	11.67	15.19	19.57	22.68	26.17	34.43	39	9.51	12.30	16.01	20.63	23.90	27.58	36.29
40	9.09	11.78	15.32	19.73	22.87	26.39	34.74	40	9.58	12.42	16.15	20.80	24.10	27.82	36.62
41	9.17	11.88	15.44	19.89	23.06	26.61	35.04	41	9.67	12.52	16.27	20.96	24.31	28.05	36.93
42	9.23	11.96	15.56	20.04	23.24	26.82	35.33	42	9.73	12.61	16.40	21.12	24.49	28.27	37.24
43	9.28	12.05	15.68	20.19	23.41	27.03	35.61	43	9.78	12.70	16.53	21.28	24.67	28.49	37.53
44	9.35	12.12	15.79	20.33	23.58	27.23	35.88	44	9.85	12.77	16.64	21.43	24.85	28.70	37.82
45	9.41	12.22	15.91	20.47	23.75	27.43	36.14	45	9.92	12.88	16.77	21.58	25.03	28.91	38.09
46	9.48	12.30	16.02	20.61	23.91	27.62	36.40	46	9.99	12.96	16.89	21.72	25.20	29.11	38.37
47	9.56	12.39	16.12	20.74	24.06	27.80	36.65	47	10.08	13.06	16.99	21.86	25.36	29.30	38.63
48	9.61	12.47	16.24	20.86	24.22	27.98	36.89	48	10.13	13.14	17.12	21.99	25.53	29.49	38.88
49	9.66	12.55	16.34	20.99	24.36	28.15	37.13	49	10.18	13.23	17.22	22.12	25.68	29.67	39.14
50	9.72	12.61	16.42	21.11	24.51	28.32	37.36	50	10.24	13.29	17.31	22.25	25.83	29.85	39.38
51	9.79	12.70	16.54	21.23	24.65	28.49	37.59	51	10.32	13.39	17.43	22.38	25.98	30.03	39.62
52	9.84	12.78	16.63	21.34	24.79	28.65	37.80	52	10.37	13.47	17.53	22.49	26.13	30.20	39.84
53	9.91	12.84	16.70	21.45	24.92	28.81	38.02	53	10.45	13.53	17.60	22.61	26.27	30.37	40.07
54	9.96	12.94	16.81	21.56	25.05	28.96	38.22	54	10.50	13.64	17.72	22.72	26.40	30.52	40.28
55	10.01	12.97	16.91	21.67	25.17	29.11	38.43	55	10.55	13.67	17.82	22.84	26.53	30.68	40.51
56	10.09	13.08	16.99	21.77	25.30	29.25	38.62	56	10.63	13.79	17.91	22.95	26.67	30.83	40.71
57	10.14	13.14	17.09	21.87	25.42	29.39	38.82	57	10.69	13.85	18.01	23.05	26.79	30.98	40.92
58	10.19	13.21	17.16	21.97	25.53	29.53	39.00	58	10.74	13.92	18.09	23.16	26.91	31.12	41.11
59	10.26	13.27	17.26	22.07	25.65	29.67	39.19	59	10.81	13.99	18.19	23.26	27.04	31.27	41.31
60	10.31	13.34	17.35	22.16	25.76	29.80	39.36	60	10.87	14.06	18.29	23.36	27.15	31.41	41.49
61	10.39	13.43	17.42	22.25	25.87	29.92	39.54	61	10.95	14.16	18.36	23.45	27.27	31.54	41.68
62	10.44	13.48	17.50	22.34	25.97	30.05	39.71	62	11.00	14.21	18.45	23.55	27.37	31.67	41.85
63	10.47	13.56	17.59	22.43	26.08	30.17	39.87	63	11.04	14.29	18.54	23.64	27.49	31.80	42.02
64	10.52	13.61	17.66	22.51	26.18	30.29	40.03	64	11.09	14.34	18.61	23.73	27.59	31.93	42.19
65	10.58	13.68	17.74	22.60	26.28	30.41	40.19	65	11.15	14.42	18.70	23.82	27.70	32.05	42.36
66	10.65	13.75	17.81	22.68	26.37	30.52	40.35	66	11.23	14.49	18.77	23.90	27.79	32.17	42.53
67	10.71	13.81	17.89	22.76	26.47	30.63	40.50	67	11.29	14.56	18.86	23.99	27.90	32.28	42.69
68	10.75	13.87	17.98	22.84	26.56	30.74	40.64	68	11.33	14.62	18.95	24.07	27.99	32.40	42.83
69	10.80	13.92	18.05	22.91	26.65	30.84	40.79	69	11.38	14.67	19.02	24.15	28.09	32.51	42.99
70	10.86	14.00	18.12	22.98	26.74	30.95	40.93	70	11.45	14.76	19.10	24.22	28.18	32.62	43.14
Oversized	41.70	46.73	54.12	65.84	79.69	92.81	120.72	Oversized	43.95	49.25	57.04	69.40	83.99	97.82	127.24

## **SCHEDULE 521.2A**

### **NOTES**

1. For Origin Bulk Mail Center (OBMC) Presort Discount, deduct \$1.23 [\$1.17] per piece.
2. For BMC Presort discount, deduct \$0.30 [\$0.28] per piece.
3. For barcode discount, deduct \$0.03 per piece (machinable parcels only).
4. For nonmachinable parcels, add \$2.90 [\$2.75] per piece.
5. Regardless of weight, any piece that measures more than 108 inches (but not more than 130 inches) in combined length and girth must pay the oversized rate.
6. Pieces exceeding 84 inches in length and girth combined and weighing less than 15 pounds are subject to a rate equal to that for a 15-pound parcel for the zone to which the parcel is addressed.
7. For each pickup stop, add \$13.25 [\$12.50].

**PACKAGE SERVICES  
 RATE SCHEDULE 521.2B  
 PARCEL POST INTRA-BMC RATES**

**Current**

**Proposed**

<b>Weight (lbs.)</b>	<b>Local Zone</b>	<b>Zones 1 &amp; 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Zone 5</b>	<b>Weight (lbs.)</b>	<b>Local Zone</b>	<b>Zones 1 &amp; 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Zone 5</b>
1	\$2.81	\$2.96	\$2.99	\$3.05	\$3.14	1	\$2.96	\$3.12	\$3.15	\$3.21	\$3.31
2	3.13	3.53	3.56	3.63	3.74	2	3.30	3.72	3.75	3.83	3.94
3	3.44	4.08	4.11	4.20	4.32	3	3.63	4.30	4.33	4.43	4.55
4	3.73	4.28	4.62	4.72	4.86	4	3.93	4.51	4.87	4.97	5.12
5	3.99	4.45	5.02	5.15	5.35	5	4.21	4.69	5.29	5.43	5.64
6	4.23	4.61	5.38	5.51	5.80	6	4.46	4.86	5.67	5.81	6.11
7	4.36	4.76	5.69	5.84	6.21	7	4.60	5.02	6.00	6.16	6.55
8	4.46	5.33	5.98	6.14	6.60	8	4.70	5.62	6.30	6.47	6.96
9	4.56	5.46	6.22	6.45	6.95	9	4.81	5.75	6.56	6.80	7.33
10	4.66	5.63	6.53	6.74	7.28	10	4.91	5.93	6.88	7.10	7.67
11	4.74	5.76	6.74	7.00	7.58	11	5.00	6.07	7.10	7.38	7.99
12	4.84	5.91	6.94	7.26	7.87	12	5.10	6.23	7.31	7.65	8.29
13	4.92	6.04	7.10	7.50	8.13	13	5.19	6.37	7.48	7.91	8.57
14	5.00	6.16	7.22	7.75	8.38	14	5.27	6.49	7.61	8.17	8.83
15	5.08	6.27	7.39	7.96	8.62	15	5.35	6.61	7.79	8.39	9.09
16	5.17	6.38	7.56	8.16	8.84	16	5.45	6.72	7.97	8.60	9.32
17	5.23	6.51	7.72	8.38	9.05	17	5.51	6.86	8.14	8.83	9.54
18	5.30	6.60	7.87	8.57	9.24	18	5.59	6.96	8.29	9.03	9.74
19	5.36	6.72	8.02	8.75	9.43	19	5.65	7.08	8.45	9.22	9.94
20	5.46	6.82	8.16	8.91	9.60	20	5.75	7.19	8.60	9.39	10.12
21	5.51	6.91	8.30	9.06	9.77	21	5.81	7.28	8.75	9.55	10.30
22	5.57	7.02	8.42	9.20	9.92	22	5.87	7.40	8.87	9.70	10.46
23	5.64	7.10	8.58	9.34	10.07	23	5.94	7.48	9.04	9.84	10.61
24	5.70	7.19	8.70	9.46	10.22	24	6.01	7.58	9.17	9.97	10.77
25	5.77	7.27	8.82	9.58	10.35	25	6.08	7.66	9.30	10.10	10.91
26	5.82	7.37	8.93	9.71	10.48	26	6.13	7.77	9.41	10.23	11.05
27	5.88	7.45	9.06	9.82	10.60	27	6.20	7.85	9.55	10.35	11.17
28	5.94	7.52	9.18	9.91	10.72	28	6.26	7.93	9.68	10.45	11.30
29	6.01	7.61	9.30	10.02	10.83	29	6.33	8.02	9.80	10.56	11.41
30	6.08	7.69	9.40	10.12	10.93	30	6.41	8.11	9.91	10.67	11.52
31	6.13	7.77	9.48	10.21	11.04	31	6.46	8.19	9.99	10.76	11.64
32	6.18	7.86	9.60	10.31	11.13	32	6.51	8.28	10.12	10.87	11.73
33	6.25	7.92	9.70	10.39	11.23	33	6.59	8.35	10.22	10.95	11.84
34	6.30	8.00	9.78	10.47	11.31	34	6.64	8.43	10.31	11.04	11.92
35	6.35	8.06	9.89	10.55	11.40	35	6.69	8.50	10.42	11.12	12.02

**PACKAGE SERVICES  
 RATE SCHEDULE 521.2B (CONTINUED)  
 PARCEL POST INTRA-BMC RATES**

<b>Current</b>						<b>Proposed</b>					
<b>Weight (lbs.)</b>	<b>Local Zone</b>	<b>Zones 1 &amp; 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Zone 5</b>	<b>Weight (lbs.)</b>	<b>Local Zone</b>	<b>Zones 1 &amp; 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Zone 5</b>
36	\$6.40	\$8.13	\$9.97	\$10.62	\$11.48	36	\$6.75	\$8.57	\$10.51	\$11.19	\$12.10
37	6.44	8.22	10.06	10.70	11.56	37	6.79	8.66	10.60	11.28	12.18
38	6.49	8.28	10.15	10.77	11.63	38	6.84	8.73	10.70	11.35	12.26
39	6.56	8.36	10.25	10.83	11.70	39	6.91	8.81	10.80	11.41	12.33
40	6.61	8.41	10.32	10.89	11.77	40	6.97	8.86	10.88	11.48	12.41
41	6.67	8.50	10.43	10.95	11.84	41	7.03	8.96	10.99	11.54	12.48
42	6.72	8.55	10.50	11.02	11.90	42	7.08	9.01	11.07	11.62	12.54
43	6.77	8.61	10.58	11.08	11.95	43	7.14	9.07	11.15	11.68	12.60
44	6.84	8.68	10.66	11.14	12.00	44	7.21	9.15	11.24	11.74	12.65
45	6.88	8.73	10.73	11.30	12.05	45	7.25	9.20	11.31	11.91	12.70
46	6.92	8.82	10.82	11.35	12.10	46	7.29	9.30	11.40	11.96	12.75
47	6.98	8.89	10.88	11.40	12.15	47	7.36	9.37	11.47	12.02	12.81
48	7.03	8.94	10.97	11.44	12.20	48	7.41	9.42	11.56	12.06	12.86
49	7.07	9.01	11.04	11.49	12.25	49	7.45	9.50	11.64	12.11	12.91
50	7.12	9.04	11.11	11.53	12.30	50	7.50	9.53	11.71	12.15	12.96
51	7.18	9.13	11.17	11.58	12.35	51	7.57	9.62	11.77	12.21	13.02
52	7.21	9.19	11.27	11.62	12.40	52	7.60	9.69	11.88	12.25	13.07
53	7.26	9.22	11.32	11.65	12.45	53	7.65	9.72	11.93	12.28	13.12
54	7.32	9.28	11.36	11.70	12.50	54	7.72	9.78	11.97	12.33	13.18
55	7.37	9.34	11.40	11.75	12.55	55	7.77	9.84	12.02	12.38	13.23
56	7.40	9.40	11.44	11.79	12.60	56	7.80	9.91	12.06	12.43	13.28
57	7.45	9.47	11.46	11.81	12.65	57	7.85	9.98	12.08	12.45	13.33
58	7.50	9.52	11.50	11.85	12.70	58	7.91	10.03	12.12	12.49	13.39
59	7.55	9.57	11.53	11.89	12.75	59	7.96	10.09	12.15	12.53	13.44
60	7.57	9.64	11.56	11.91	12.80	60	7.98	10.16	12.18	12.55	13.49
61	7.66	9.70	11.59	11.95	12.85	61	8.07	10.22	12.22	12.60	13.54
62	7.68	9.75	11.62	12.01	12.90	62	8.09	10.28	12.25	12.66	13.60
63	7.73	9.80	11.64	12.08	12.95	63	8.15	10.33	12.27	12.73	13.65
64	7.78	9.86	11.66	12.13	13.00	64	8.20	10.39	12.29	12.79	13.70
65	7.82	9.91	11.70	12.19	13.05	65	8.24	10.45	12.33	12.85	13.75
66	7.85	9.98	11.72	12.26	13.10	66	8.27	10.52	12.35	12.92	13.81
67	7.92	10.04	11.75	12.33	13.15	67	8.35	10.58	12.38	13.00	13.86
68	7.96	10.06	11.76	12.37	13.20	68	8.39	10.60	12.40	13.04	13.91
69	7.97	10.13	11.78	12.44	13.25	69	8.40	10.68	12.42	13.11	13.97
70	7.98	10.18	11.81	12.50	13.30	70	8.41	10.73	12.45	13.18	14.02
<b>Oversized</b>	23.78	34.47	34.79	35.48	36.53	<b>Oversized</b>	25.06	36.33	36.67	37.40	38.50

**SCHEDULE 521.2B**

**NOTES**

1. For barcode discount, deduct \$0.03 per piece (machinable parcels only).
2. For nonmachinable parcels, add \$1.42 [\$1.35] per piece.
3. Regardless of weight, any piece that measures more than 108 inches (but not more than 130 inches) in combined length and girth must pay the oversized rate.
4. Pieces exceeding 84 inches in length and girth combined and weighing less than 15 pounds are subject to a rate equal to that for a 15-pound parcel for the zone to which the parcel is addressed.
5. For each pickup stop, add \$13.25 [\$12.50].

**PACKAGE SERVICES  
 RATE SCHEDULE 521.2C  
 PARCEL POST  
 PARCEL SELECT DESTINATION BULK MAIL CENTER RATES**

Current					Proposed				
Weight (lbs.)	Zones 1 & 2	Zone 3	Zone 4	Zone 5	Weight (lbs.)	Zones 1 & 2	Zone 3	Zone 4	Zone 5
1	\$2.01	\$2.26	\$2.49	\$3.09	1	\$2.12	\$2.38	\$2.62	\$3.26
2	2.24	2.76	3.19	3.69	2	2.36	2.91	3.36	3.89
3	2.49	3.27	3.84	4.28	3	2.62	3.45	4.05	4.51
4	2.72	3.75	4.41	4.81	4	2.87	3.95	4.65	5.07
5	2.94	4.20	4.82	5.30	5	3.10	4.43	5.08	5.59
6	3.15	4.60	5.16	5.75	6	3.32	4.85	5.44	6.06
7	3.34	4.96	5.47	6.18	7	3.52	5.23	5.77	6.51
8	3.53	5.32	5.76	6.56	8	3.72	5.61	6.07	6.91
9	3.71	5.64	6.05	6.91	9	3.91	5.94	6.38	7.28
10	3.88	5.97	6.71	7.24	10	4.09	6.29	7.07	7.63
11	4.04	6.27	6.96	7.54	11	4.26	6.61	7.34	7.95
12	4.20	6.56	7.22	7.84	12	4.43	6.91	7.61	8.26
13	4.35	6.80	7.46	8.10	13	4.58	7.17	7.86	8.54
14	4.50	6.92	7.71	8.35	14	4.74	7.29	8.13	8.80
15	4.64	7.08	7.92	8.58	15	4.89	7.46	8.35	9.04
16	4.77	7.24	8.13	8.81	16	5.03	7.63	8.57	9.29
17	4.91	7.39	8.35	9.01	17	5.18	7.79	8.80	9.50
18	5.03	7.54	8.53	9.21	18	5.30	7.95	8.99	9.71
19	5.16	7.68	8.72	9.40	19	5.44	8.09	9.19	9.91
20	5.28	7.82	8.88	9.56	20	5.57	8.24	9.36	10.08
21	5.40	7.96	9.02	9.73	21	5.69	8.39	9.51	10.26
22	5.51	8.08	9.17	9.89	22	5.81	8.52	9.67	10.42
23	5.62	8.23	9.31	10.05	23	5.92	8.67	9.81	10.59
24	5.73	8.34	9.43	10.18	24	6.04	8.79	9.94	10.73
25	5.84	8.46	9.55	10.32	25	6.16	8.92	10.07	10.88
26	5.94	8.56	9.67	10.45	26	6.26	9.02	10.19	11.01
27	6.05	8.69	9.78	10.57	27	6.38	9.16	10.31	11.14
28	6.14	8.81	9.88	10.68	28	6.47	9.29	10.41	11.26
29	6.24	8.92	10.00	10.79	29	6.58	9.40	10.54	11.37
30	6.34	9.02	10.09	10.90	30	6.68	9.51	10.63	11.49
31	6.43	9.10	10.17	11.01	31	6.78	9.59	10.72	11.60
32	6.52	9.21	10.27	11.11	32	6.87	9.71	10.82	11.71
33	6.61	9.30	10.36	11.19	33	6.97	9.80	10.92	11.79
34	6.70	9.39	10.43	11.28	34	7.06	9.90	10.99	11.89
35	6.78	9.49	10.52	11.37	35	7.15	10.00	11.09	11.98

**PACKAGE SERVICES  
 RATE SCHEDULE 521.2C (CONTINUED)  
 PARCEL POST  
 PARCEL SELECT DESTINATION BULK MAIL CENTER RATES**

Current					Proposed				
Weight (lbs.)	Zones 1 & 2	Zone 3	Zone 4	Zone 5	Weight (lbs.)	Zones 1 & 2	Zone 3	Zone 4	Zone 5
36	\$6.87	\$9.94	\$10.60	\$11.45	36	\$7.24	\$10.48	\$11.17	\$12.07
37	6.95	10.03	10.66	11.53	37	7.33	10.57	11.24	12.15
38	7.03	10.12	10.74	11.60	38	7.41	10.67	11.32	12.23
39	7.11	10.21	10.80	11.68	39	7.49	10.76	11.38	12.31
40	7.19	10.29	10.86	11.74	40	7.58	10.85	11.45	12.37
41	7.27	10.40	10.92	11.80	41	7.66	10.96	11.51	12.44
42	7.34	10.47	10.99	11.87	42	7.74	11.04	11.58	12.51
43	7.42	10.56	11.05	12.16	43	7.82	11.13	11.65	12.82
44	7.49	10.63	11.11	12.45	44	7.89	11.20	11.71	13.12
45	7.56	10.69	11.26	12.76	45	7.97	11.27	11.87	13.45
46	7.63	10.79	11.31	13.06	46	8.04	11.37	11.92	13.77
47	7.70	10.85	11.36	13.37	47	8.12	11.44	11.97	14.09
48	7.77	10.94	11.41	13.69	48	8.19	11.53	12.03	14.43
49	7.84	11.01	11.46	14.01	49	8.26	11.60	12.08	14.77
50	7.91	11.08	11.50	14.35	50	8.34	11.68	12.12	15.12
51	7.97	11.15	11.55	14.68	51	8.40	11.75	12.17	15.47
52	8.04	11.23	11.59	15.02	52	8.47	11.84	12.22	15.83
53	8.10	11.28	11.63	15.38	53	8.54	11.89	12.26	16.21
54	8.16	11.33	11.68	15.74	54	8.60	11.94	12.31	16.59
55	8.23	11.37	11.73	15.89	55	8.67	11.98	12.36	16.75
56	8.29	11.40	11.75	15.96	56	8.74	12.02	12.38	16.82
57	8.35	11.43	11.78	16.06	57	8.80	12.05	12.42	16.93
58	8.41	11.47	11.82	16.14	58	8.86	12.09	12.46	17.01
59	8.47	11.50	11.85	16.21	59	8.93	12.12	12.49	17.09
60	8.52	11.53	11.88	16.30	60	8.98	12.15	12.52	17.18
61	8.58	11.56	11.92	16.38	61	9.04	12.18	12.56	17.26
62	8.64	11.59	11.98	16.44	62	9.11	12.22	12.63	17.33
63	8.69	11.61	12.05	16.52	63	9.16	12.24	12.70	17.41
64	8.75	11.64	12.10	16.59	64	9.22	12.27	12.75	17.49
65	8.80	11.67	12.16	16.65	65	9.28	12.30	12.82	17.55
66	8.86	11.70	12.24	16.74	66	9.34	12.33	12.90	17.64
67	8.91	11.72	12.29	16.79	67	9.39	12.35	12.95	17.70
68	8.96	11.73	12.34	16.86	68	9.44	12.36	13.01	17.77
69	9.01	11.75	12.40	16.93	69	9.50	12.38	13.07	17.84
70	9.06	11.77	12.47	16.99	70	9.55	12.41	13.14	17.91
<b>Oversized</b>	18.14	24.33	32.81	34.10	<b>Oversized</b>	19.12	25.64	34.58	35.94

**SCHEDULE 521.2C**

**NOTES**

1. For barcode discount, deduct \$0.03 per piece (machinable parcels only). Barcode discount is no available for DBMC mail entered at an ASF, except at the Phoenix, AZ, ASF.
2. For nonmachinable parcels, add \$1.53 [\$1.45] per piece.
3. Regardless of weight, any piece that measures more than 108 inches (but not more than 130 inches) in combined length and girth must pay the oversized rate.
4. Pieces exceeding 84 inches in length and girth combined and weighing less than 15 pounds are subject to a rate equal to that for a 15-pound parcel for the zone to which the parcel is addressed.
5. A mailing fee of \$160.00 [\$150.00 ]must be paid once each 12-month period for Parcel Select.

**PACKAGE SERVICES  
 RATE SCHEDULE 521.2D  
 PARCEL POST  
 PARCEL SELECT DESTINATION SECTIONAL CENTER FACILITY RATES**

Weight (lbs.)	Current	Proposed	Weight (lbs.)	Current	Proposed
1	\$1.53	\$1.61	36	\$4.59	\$4.84
2	1.71	1.80	37	4.65	4.90
3	1.85	1.95	38	4.70	4.95
4	1.99	2.10	39	4.76	5.02
5	2.12	2.23	40	4.81	5.07
6	2.24	2.36	41	4.86	5.12
7	2.35	2.48	42	4.91	5.18
8	2.45	2.58	43	4.96	5.23
9	2.56	2.70	44	5.01	5.28
10	2.65	2.79	45	5.06	5.33
11	2.74	2.89	46	5.11	5.39
12	2.83	2.98	47	5.16	5.44
13	2.92	3.08	48	5.20	5.48
14	3.00	3.16	49	5.25	5.53
15	3.10	3.27	50	5.29	5.58
16	3.19	3.36	51	5.34	5.63
17	3.28	3.46	52	5.38	5.67
18	3.36	3.54	53	5.42	5.71
19	3.45	3.64	54	5.46	5.75
20	3.53	3.72	55	5.51	5.81
21	3.61	3.80	56	5.55	5.85
22	3.68	3.88	57	5.59	5.89
23	3.76	3.96	58	5.63	5.93
24	3.83	4.04	59	5.67	5.98
25	3.90	4.11	60	5.71	6.02
26	3.97	4.18	61	5.74	6.05
27	4.04	4.26	62	5.78	6.09
28	4.11	4.33	63	5.82	6.13
29	4.17	4.40	64	5.86	6.18
30	4.24	4.47	65	5.89	6.21
31	4.30	4.53	66	5.93	6.25
32	4.36	4.60	67	5.97	6.29
33	4.42	4.66	68	6.00	6.32
34	4.48	4.72	69	6.04	6.37
35	4.54	4.79	70	6.07	6.40
			<b>Oversized</b>	11.95	12.60

**SCHEDULE 521.2D**

**NOTES**

1. Regardless of weight, any piece that measures more than 108 inches (but not more than 130 inches) in combined length and girth must pay the oversized rate.
2. Pieces exceeding 84 inches in length and girth combined and weighing less than 15 pounds are subject to a rate equal to that for a 15-pound parcel for the zone to which the parcel is addressed.
3. A mailing fee of \$160.00 [\$150.00] must be paid once each 12-month period for Parcel Select.
4. For nonmachinable parcels sorted to 3-digit ZIP Code areas, add \$1.15 [\$1.09] per piece.

**PACKAGE SERVICES  
 RATE SCHEDULE 521.2E  
 PARCEL POST  
 PARCEL SELECT DESTINATION DELIVERY UNIT RATES**

Weight (lbs.)	Current	Proposed	Weight (lbs.)	Current	Proposed
1	\$1.23	\$1.30	36	\$2.15	\$2.27
2	1.28	1.35	37	2.16	2.28
3	1.33	1.40	38	2.17	2.29
4	1.38	1.45	39	2.18	2.30
5	1.43	1.51	40	2.19	2.31
6	1.47	1.55	41	2.20	2.32
7	1.51	1.59	42	2.21	2.33
8	1.55	1.63	43	2.22	2.34
9	1.58	1.67	44	2.23	2.35
10	1.62	1.71	45	2.24	2.36
11	1.65	1.74	46	2.25	2.37
12	1.68	1.77	47	2.26	2.38
13	1.71	1.80	48	2.27	2.39
14	1.74	1.83	49	2.28	2.40
15	1.77	1.87	50	2.29	2.41
16	1.79	1.89	51	2.30	2.42
17	1.82	1.92	52	2.31	2.43
18	1.85	1.95	53	2.32	2.45
19	1.87	1.97	54	2.33	2.46
20	1.89	1.99	55	2.34	2.47
21	1.92	2.02	56	2.35	2.48
22	1.94	2.04	57	2.36	2.49
23	1.96	2.07	58	2.37	2.50
24	1.98	2.09	59	2.38	2.51
25	2.00	2.11	60	2.39	2.52
26	2.02	2.13	61	2.40	2.53
27	2.04	2.15	62	2.41	2.54
28	2.06	2.17	63	2.42	2.55
29	2.07	2.18	64	2.43	2.56
30	2.09	2.20	65	2.44	2.57
31	2.10	2.21	66	2.45	2.58
32	2.11	2.22	67	2.46	2.59
33	2.12	2.23	68	2.47	2.60
34	2.13	2.25	69	2.48	2.61
35	2.14	2.26	70	2.49	2.62
			<b>Oversized</b>	6.98	7.36

**SCHEDULE 521.2E**

**NOTES**

1. Regardless of weight, any piece that measures more than 108 inches (but not more than 130 inches) in combined length and girth must pay the oversized rate.
2. Pieces exceeding 84 inches in length and girth combined and weighing less than 15 pounds are subject to a rate equal to that for a 15-pound parcel for the zone to which the parcel is addressed.
3. A mailing fee of \$160.00 [\$150.00] must be paid once each 12-month period for Parcel Select.

**PACKAGE SERVICES  
 RATE SCHEDULE 521.2F  
 PARCEL SELECT RETURN SERVICES  
 RETURN DELIVERY UNIT RATES**

<b>Weight (lbs.)</b>	<b>Current</b>	<b>Proposed</b>	<b>Weight (lbs.)</b>	<b>Current</b>	<b>Proposed</b>
<b>1</b>	\$2.00	\$2.11	<b>36</b>	\$2.00	\$2.11
<b>2</b>	2.00	2.11	<b>37</b>	2.00	2.11
<b>3</b>	2.00	2.11	<b>38</b>	2.00	2.11
<b>4</b>	2.00	2.11	<b>39</b>	2.00	2.11
<b>5</b>	2.00	2.11	<b>40</b>	2.00	2.11
<b>6</b>	2.00	2.11	<b>41</b>	2.00	2.11
<b>7</b>	2.00	2.11	<b>42</b>	2.00	2.11
<b>8</b>	2.00	2.11	<b>43</b>	2.00	2.11
<b>9</b>	2.00	2.11	<b>44</b>	2.00	2.11
<b>10</b>	2.00	2.11	<b>45</b>	2.00	2.11
<b>11</b>	2.00	2.11	<b>46</b>	2.00	2.11
<b>12</b>	2.00	2.11	<b>47</b>	2.00	2.11
<b>13</b>	2.00	2.11	<b>48</b>	2.00	2.11
<b>14</b>	2.00	2.11	<b>49</b>	2.00	2.11
<b>15</b>	2.00	2.11	<b>50</b>	2.00	2.11
<b>16</b>	2.00	2.11	<b>51</b>	2.00	2.11
<b>17</b>	2.00	2.11	<b>52</b>	2.00	2.11
<b>18</b>	2.00	2.11	<b>53</b>	2.00	2.11
<b>19</b>	2.00	2.11	<b>54</b>	2.00	2.11
<b>20</b>	2.00	2.11	<b>55</b>	2.00	2.11
<b>21</b>	2.00	2.11	<b>56</b>	2.00	2.11
<b>22</b>	2.00	2.11	<b>57</b>	2.00	2.11
<b>23</b>	2.00	2.11	<b>58</b>	2.00	2.11
<b>24</b>	2.00	2.11	<b>59</b>	2.00	2.11
<b>25</b>	2.00	2.11	<b>60</b>	2.00	2.11
<b>26</b>	2.00	2.11	<b>61</b>	2.00	2.11
<b>27</b>	2.00	2.11	<b>62</b>	2.00	2.11
<b>28</b>	2.00	2.11	<b>63</b>	2.00	2.11
<b>29</b>	2.00	2.11	<b>64</b>	2.00	2.11
<b>30</b>	2.00	2.11	<b>65</b>	2.00	2.11
<b>31</b>	2.00	2.11	<b>66</b>	2.00	2.11
<b>32</b>	2.00	2.11	<b>67</b>	2.00	2.11
<b>33</b>	2.00	2.11	<b>68</b>	2.00	2.11
<b>34</b>	2.00	2.11	<b>69</b>	2.00	2.11
<b>35</b>	2.00	2.11	<b>70</b>	2.00	2.11
			<b>Oversized</b>	7.51	7.92

**SCHEDULE 521.2F**

**NOTES**

1. Regardless of weight, any piece that measures more than 108 inches (but not more than 130 inches) in combined length and girth must pay the oversized rate.

**PACKAGE SERVICES  
 RATE SCHEDULE 521.2G  
 PARCEL SELECT RETURN SERVICES  
 MACHINABLE RETURN BMC RATES**

<b>Current</b>					<b>Proposed</b>				
<b>Weight (lbs.)</b>	<b>RBMC Zones 1 &amp; 2</b>	<b>RBMC Zone 3</b>	<b>RBMC Zone 4</b>	<b>RBMC Zone 5</b>	<b>Weight (lbs.)</b>	<b>RBMC Zones 1 &amp; 2</b>	<b>RBMC Zone 3</b>	<b>RBMC Zone 4</b>	<b>RBMC Zone 5</b>
1	\$2.10	\$2.13	\$2.19	\$2.28	1	\$2.21	\$2.25	\$2.31	\$2.40
2	2.67	2.70	2.77	2.88	2	2.81	2.85	2.92	3.04
3	3.22	3.25	3.34	3.46	3	3.39	3.43	3.52	3.65
4	3.42	3.76	3.86	4.00	4	3.60	3.96	4.07	4.22
5	3.59	4.16	4.29	4.49	5	3.78	4.38	4.52	4.73
6	3.75	4.52	4.65	4.94	6	3.95	4.76	4.90	5.21
7	3.90	4.83	4.98	5.35	7	4.11	5.09	5.25	5.64
8	4.47	5.12	5.28	5.74	8	4.71	5.40	5.57	6.05
9	4.60	5.36	5.59	6.09	9	4.85	5.65	5.89	6.42
10	4.77	5.67	5.88	6.42	10	5.03	5.98	6.20	6.77
11	4.90	5.88	6.14	6.72	11	5.16	6.20	6.47	7.08
12	5.05	6.08	6.40	7.01	12	5.32	6.41	6.75	7.39
13	5.18	6.24	6.64	7.27	13	5.46	6.58	7.00	7.66
14	5.30	6.36	6.89	7.52	14	5.59	6.70	7.26	7.93
15	5.41	6.53	7.10	7.76	15	5.70	6.88	7.48	8.18
16	5.52	6.70	7.30	7.98	16	5.82	7.06	7.69	8.41
17	5.65	6.86	7.52	8.19	17	5.96	7.23	7.93	8.63
18	5.74	7.01	7.71	8.38	18	6.05	7.39	8.13	8.83
19	5.86	7.16	7.89	8.57	19	6.18	7.55	8.32	9.03
20	5.96	7.30	8.05	8.74	20	6.28	7.69	8.48	9.21
21	6.05	7.44	8.20	8.91	21	6.38	7.84	8.64	9.39
22	6.16	7.56	8.34	9.06	22	6.49	7.97	8.79	9.55
23	6.24	7.72	8.48	9.21	23	6.58	8.14	8.94	9.71
24	6.33	7.84	8.60	9.36	24	6.67	8.26	9.06	9.87
25	6.41	7.96	8.72	9.49	25	6.76	8.39	9.19	10.00
26	6.51	8.07	8.85	9.62	26	6.86	8.51	9.33	10.14
27	6.59	8.20	8.96	9.74	27	6.95	8.64	9.44	10.27
28	6.66	8.32	9.05	9.86	28	7.02	8.77	9.54	10.39
29	6.75	8.44	9.16	9.97	29	7.11	8.90	9.65	10.51
30	6.83	8.54	9.26	10.07	30	7.20	9.00	9.76	10.61
31	6.91	8.62	9.35	10.18	31	7.28	9.09	9.85	10.73
32	7.00	8.74	9.45	10.27	32	7.38	9.21	9.96	10.82
33	7.06	8.84	9.53	10.37	33	7.44	9.32	10.04	10.93
34	7.14	8.92	9.61	10.45	34	7.53	9.40	10.13	11.01
35	7.20	9.03	9.69	10.54	35	7.59	9.52	10.21	11.11

**SCHEDULE 521.2G**

**NOTES**

1. Parcels that weigh less than 15 pounds but measure more than 84 inches in combined length and girth are charged the applicable rate for a 15-pound parcel.

**PACKAGE SERVICES  
 RATE SCHEDULE 521.2G (CONTINUED)  
 PARCEL SELECT RETURN SERVICES  
 NONMACHINABLE RETURN BMC RATES**

<b>Current</b>					<b>Proposed</b>				
<b>Weight (lbs.)</b>	<b>RBMC Zones 1 &amp; 2</b>	<b>RBMC Zone 3</b>	<b>RBMC Zone 4</b>	<b>RBMC Zone 5</b>	<b>Weight (lbs.)</b>	<b>RBMC Zones 1 &amp; 2</b>	<b>RBMC Zone 3</b>	<b>RBMC Zone 4</b>	<b>RBMC Zone 5</b>
1	\$3.45	\$3.48	\$3.54	\$3.63	1	\$3.63	\$3.67	\$3.73	\$3.82
2	4.02	4.05	4.12	4.23	2	4.23	4.27	4.34	4.46
3	4.57	4.60	4.69	4.81	3	4.81	4.85	4.94	5.07
4	4.77	5.11	5.21	5.35	4	5.02	5.38	5.49	5.64
5	4.94	5.51	5.64	5.84	5	5.20	5.80	5.94	6.15
6	5.10	5.87	6.00	6.29	6	5.37	6.18	6.32	6.63
7	5.25	6.18	6.33	6.70	7	5.53	6.51	6.67	7.06
8	5.82	6.47	6.63	7.09	8	6.13	6.82	6.99	7.47
9	5.95	6.71	6.94	7.44	9	6.27	7.07	7.31	7.84
10	6.12	7.02	7.23	7.77	10	6.45	7.40	7.62	8.19
11	6.25	7.23	7.49	8.07	11	6.58	7.62	7.89	8.50
12	6.40	7.43	7.75	8.36	12	6.74	7.83	8.17	8.81
13	6.53	7.59	7.99	8.62	13	6.88	8.00	8.42	9.08
14	6.65	7.71	8.24	8.87	14	7.01	8.12	8.68	9.35
15	6.76	7.88	8.45	9.11	15	7.12	8.30	8.90	9.60
16	6.87	8.05	8.65	9.33	16	7.24	8.48	9.11	9.83
17	7.00	8.21	8.87	9.54	17	7.38	8.65	9.35	10.05
18	7.09	8.36	9.06	9.73	18	7.47	8.81	9.55	10.25
19	7.21	8.51	9.24	9.92	19	7.60	8.97	9.74	10.45
20	7.31	8.65	9.40	10.09	20	7.70	9.11	9.90	10.63
21	7.40	8.79	9.55	10.26	21	7.80	9.26	10.06	10.81
22	7.51	8.91	9.69	10.41	22	7.91	9.39	10.21	10.97
23	7.59	9.07	9.83	10.56	23	8.00	9.56	10.36	11.13
24	7.68	9.19	9.95	10.71	24	8.09	9.68	10.48	11.29
25	7.76	9.31	10.07	10.84	25	8.18	9.81	10.61	11.42
26	7.86	9.42	10.20	10.97	26	8.28	9.93	10.75	11.56
27	7.94	9.55	10.31	11.09	27	8.37	10.06	10.86	11.69
28	8.01	9.67	10.40	11.21	28	8.44	10.19	10.96	11.81
29	8.10	9.79	10.51	11.32	29	8.53	10.32	11.07	11.93
30	8.18	9.89	10.61	11.42	30	8.62	10.42	11.18	12.03
31	8.26	9.97	10.70	11.53	31	8.70	10.51	11.27	12.15
32	8.35	10.09	10.80	11.62	32	8.80	10.63	11.38	12.24
33	8.41	10.19	10.88	11.72	33	8.86	10.74	11.46	12.35
34	8.49	10.27	10.96	11.80	34	8.95	10.82	11.55	12.43
35	8.55	10.38	11.04	11.89	35	9.01	10.94	11.63	12.53

**PACKAGE SERVICES  
 RATE SCHEDULE 521.2G (CONTINUED)  
 NONMACHINABLE RETURN BMC RATES**

<b>Current</b>					<b>Proposed</b>				
<b>Weight (lbs.)</b>	<b>RBMC Zones 1 &amp; 2</b>	<b>RBMC Zone 3</b>	<b>RBMC Zone 4</b>	<b>RBMC Zone 5</b>	<b>Weight (lbs.)</b>	<b>RBMC Zones 1 &amp; 2</b>	<b>RBMC Zone 3</b>	<b>RBMC Zone 4</b>	<b>RBMC Zone 5</b>
<b>36</b>	\$8.65	\$10.49	\$11.14	\$12.00	<b>36</b>	\$9.11	\$11.05	\$11.74	\$12.65
<b>37</b>	8.72	10.56	11.20	12.06	<b>37</b>	9.19	11.13	11.80	12.71
<b>38</b>	8.76	10.63	11.25	12.11	<b>38</b>	9.23	11.20	11.85	12.76
<b>39</b>	8.82	10.71	11.29	12.16	<b>39</b>	9.29	11.29	11.90	12.81
<b>40</b>	8.85	10.76	11.33	12.21	<b>40</b>	9.33	11.34	11.94	12.87
<b>41</b>	8.92	10.85	11.37	12.26	<b>41</b>	9.40	11.43	11.98	12.92
<b>42</b>	8.95	10.90	11.42	12.30	<b>42</b>	9.43	11.49	12.03	12.96
<b>43</b>	8.99	10.96	11.46	12.33	<b>43</b>	9.47	11.55	12.08	12.99
<b>44</b>	9.04	11.02	11.50	12.36	<b>44</b>	9.53	11.61	12.12	13.02
<b>45</b>	9.07	11.07	11.64	12.39	<b>45</b>	9.56	11.66	12.27	13.06
<b>46</b>	9.14	11.14	11.67	12.42	<b>46</b>	9.63	11.74	12.30	13.09
<b>47</b>	9.19	11.18	11.70	12.45	<b>47</b>	9.68	11.78	12.33	13.12
<b>48</b>	9.22	11.25	11.72	12.48	<b>48</b>	9.71	11.85	12.35	13.15
<b>49</b>	9.27	11.30	11.75	12.51	<b>49</b>	9.77	11.91	12.38	13.18
<b>50</b>	9.28	11.35	11.77	12.54	<b>50</b>	9.78	11.96	12.40	13.21
<b>51</b>	9.35	11.39	11.80	12.57	<b>51</b>	9.85	12.00	12.43	13.25
<b>52</b>	9.39	11.47	11.82	12.60	<b>52</b>	9.89	12.09	12.46	13.28
<b>53</b>	9.40	11.50	11.83	12.63	<b>53</b>	9.90	12.12	12.47	13.31
<b>54</b>	9.44	11.52	11.86	12.66	<b>54</b>	9.95	12.14	12.50	13.34
<b>55</b>	9.48	11.54	11.89	12.69	<b>55</b>	9.99	12.16	12.53	13.37
<b>56</b>	9.52	11.56	11.91	12.72	<b>56</b>	10.03	12.18	12.55	13.40
<b>57</b>	9.57	11.56	11.91	12.75	<b>57</b>	10.08	12.18	12.55	13.44
<b>58</b>	9.60	11.58	11.93	12.78	<b>58</b>	10.12	12.20	12.57	13.47
<b>59</b>	9.63	11.59	11.95	12.81	<b>59</b>	10.15	12.21	12.59	13.50
<b>60</b>	9.68	11.60	11.95	12.84	<b>60</b>	10.20	12.22	12.59	13.53
<b>61</b>	9.72	11.61	11.97	12.87	<b>61</b>	10.24	12.23	12.61	13.56
<b>62</b>	9.75	11.62	12.01	12.90	<b>62</b>	10.27	12.24	12.66	13.59
<b>63</b>	9.78	11.62	12.06	12.93	<b>63</b>	10.31	12.24	12.71	13.63
<b>64</b>	9.82	11.62	12.09	12.96	<b>64</b>	10.35	12.24	12.74	13.66
<b>65</b>	9.85	11.64	12.13	12.99	<b>65</b>	10.38	12.27	12.78	13.69
<b>66</b>	9.90	11.64	12.18	13.02	<b>66</b>	10.43	12.27	12.83	13.72
<b>67</b>	9.94	11.65	12.23	13.05	<b>67</b>	10.47	12.28	12.89	13.75
<b>68</b>	9.94	11.65	12.25	13.08	<b>68</b>	10.47	12.28	12.91	13.78
<b>69</b>	9.99	11.65	12.30	13.11	<b>69</b>	10.53	12.28	12.96	13.82
<b>70</b>	10.02	11.65	12.34	13.14	<b>70</b>	10.56	12.28	13.00	13.85
<b>Oversized</b>	25.99	26.31	27.00	28.05	<b>Oversized</b>	27.39	27.73	28.46	29.56

**SCHEDULE 521.2G** (continued)

**NOTES**

1. Parcels that weigh less than 15 pounds but measure more than 84 inches in combined length and girth are charged the applicable rate for a 15-pound parcel. Regardless of weight, any parcel that measures more than 108 inches (but not more than 130 inches) in combined length and girth must pay the oversized rate.

**PACKAGE SERVICES  
 RATE SCHEDULE 522A  
 BOUND PRINTED MATTER  
 SINGLE-PIECE RATES**

**Current**

<b>Weight (lbs.)</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>Zone 8</b>
1.0	\$1.87	\$1.92	\$1.96	\$2.04	\$2.11	\$2.20	\$2.37
1.5	1.87	1.92	1.96	2.04	2.11	2.20	2.37
2.0	1.94	2.00	2.06	2.16	2.26	2.38	2.60
2.5	2.01	2.09	2.16	2.29	2.41	2.56	2.84
3.0	2.08	2.17	2.26	2.41	2.56	2.74	3.07
3.5	2.15	2.26	2.36	2.54	2.71	2.92	3.31
4.0	2.22	2.34	2.46	2.66	2.86	3.10	3.54
4.5	2.29	2.43	2.56	2.79	3.01	3.28	3.78
5.0	2.36	2.51	2.66	2.91	3.16	3.46	4.01
6.0	2.50	2.68	2.86	3.16	3.46	3.82	4.48
7.0	2.64	2.85	3.06	3.41	3.76	4.18	4.95
8.0	2.78	3.02	3.26	3.66	4.06	4.54	5.42
9.0	2.92	3.19	3.46	3.91	4.36	4.90	5.89
10.0	3.06	3.36	3.66	4.16	4.66	5.26	6.36
11.0	3.20	3.53	3.86	4.41	4.96	5.62	6.83
12.0	3.34	3.70	4.06	4.66	5.26	5.98	7.30
13.0	3.48	3.87	4.26	4.91	5.56	6.34	7.77
14.0	3.62	4.04	4.46	5.16	5.86	6.70	8.24
15.0	3.76	4.21	4.66	5.41	6.16	7.06	8.71

**Proposed**

<b>Weight (lbs.)</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>Zone 8</b>
1.0	\$1.97	\$2.02	\$2.07	\$2.15	\$2.22	\$2.32	\$2.50
1.5	1.97	2.02	2.07	2.15	2.22	2.32	2.50
2.0	2.04	2.11	2.17	2.28	2.38	2.51	2.74
2.5	2.12	2.20	2.28	2.41	2.54	2.70	2.99
3.0	2.19	2.29	2.38	2.54	2.70	2.89	3.24
3.5	2.27	2.38	2.49	2.68	2.86	3.08	3.49
4.0	2.34	2.47	2.59	2.80	3.01	3.27	3.73
4.5	2.41	2.56	2.70	2.94	3.17	3.46	3.98
5.0	2.49	2.65	2.80	3.07	3.33	3.65	4.23
6.0	2.64	2.82	3.01	3.33	3.65	4.03	4.72
7.0	2.78	3.00	3.23	3.59	3.96	4.41	5.22
8.0	2.93	3.18	3.44	3.86	4.28	4.79	5.71
9.0	3.08	3.36	3.65	4.12	4.60	5.16	6.21
10.0	3.23	3.54	3.86	4.38	4.91	5.54	6.70
11.0	3.37	3.72	4.07	4.65	5.23	5.92	7.20
12.0	3.52	3.90	4.28	4.91	5.54	6.30	7.69
13.0	3.67	4.08	4.49	5.18	5.86	6.68	8.19
14.0	3.82	4.26	4.70	5.44	6.18	7.06	8.68
15.0	3.96	4.44	4.91	5.70	6.49	7.44	9.18

**SCHEDULE 522A**

**NOTES**

1. For barcode discount, deduct \$0.03 per piece (machinable parcels and automatable flats only).
2. For flats, deduct \$0.08 per piece.

**RATE SCHEDULE 522B  
 BOUND PRINTED MATTER  
 PRESORTED AND CARRIER ROUTE RATES  
 FLATS, PARCELS, AND IRREGULAR PARCELS**

**Flats**

<b>Current Rate</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>Zone 8</b>
<b>Per Piece</b>							
Presorted	\$1.078	\$1.078	\$1.078	\$1.078	\$1.078	\$1.078	\$1.078
Carrier Route	0.978	0.978	0.978	0.978	0.978	0.978	0.978
<b>Per Pound</b>	0.090	0.112	0.149	0.198	0.248	0.308	0.419

<b>Proposed Rate</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>Zone 8</b>
<b>Per Piece</b>							
Presorted	\$1.136	\$1.136	\$1.136	\$1.136	\$1.136	\$1.136	\$1.136
Carrier Route	1.031	1.031	1.031	1.031	1.031	1.031	1.031
<b>Per Pound</b>	0.095	0.118	0.157	0.209	0.261	0.325	0.442

**Parcels and Irregular Parcels**

<b>Current Rate</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>Zone 8</b>
<b>Per Piece</b>							
Presorted	\$1.155	\$1.155	\$1.155	\$1.155	\$1.155	\$1.155	\$1.155
Carrier Route	1.055	1.055	1.055	1.055	1.055	1.055	1.055
<b>Per Pound</b>	0.090	0.112	0.149	0.198	0.248	0.308	0.419

<b>Proposed Rate</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>Zone 8</b>
<b>Per Piece</b>							
Presorted	\$1.217	\$1.217	\$1.217	\$1.217	\$1.217	\$1.217	\$1.217
Carrier Route	1.112	1.112	1.112	1.112	1.112	1.112	1.112
<b>Per Pound</b>	0.095	0.118	0.157	0.209	0.261	0.325	0.442

**SCHEDULE 522B**

**NOTES**

1. For barcode discount, deduct \$0.03 per piece (machinable parcels and automatable flats only). Barcode discount is not available for Carrier Route rates.

**PACKAGE SERVICES  
 RATE SCHEDULE 522C  
 BOUND PRINTED MATTER  
 PRESORTED RATES, DESTINATION ENTRY  
 FLATS, PARCELS, AND IRREGULAR PARCELS**

**Flats**

**Current**

Rate	DDU	DSCF	DBMC			
			Zones 1 & 2	Zone 3	Zone 4	Zone 5
Per Piece	\$0.532	\$0.603	\$0.818	\$0.818	\$0.818	\$0.818
Per Pound	0.030	0.060	0.073	0.102	0.139	0.187

**Proposed**

Rate	DDU	DSCF	DBMC			
			Zones 1 & 2	Zone 3	Zone 4	Zone 5
Per Piece	\$0.561	\$0.636	\$0.862	\$0.862	\$0.862	\$0.862
Per Pound	0.032	0.063	0.077	0.108	0.147	0.197

**Parcels and Irregular Parcels**

**Current**

Rate	DDU	DSCF	DBMC			
			Zones 1 & 2	Zone 3	Zone 4	Zone 5
Per Piece	\$0.609	\$0.680	\$0.895	\$0.895	\$0.895	\$0.895
Per Pound	0.030	0.060	0.073	0.102	0.139	0.187

**Proposed**

Rate	DDU	DSCF	DBMC			
			Zones 1 & 2	Zone 3	Zone 4	Zone 5
Per Piece	\$0.642	\$0.717	\$0.943	\$0.943	\$0.943	\$0.943
Per Pound	0.032	0.063	0.077	0.108	0.147	0.197

**SCHEDULE 522C**

**NOTES**

1. For barcode discount, deduct \$0.03 per piece (machinable parcels and automatable flats only). Barcode discount is not available for DDU or DSCF rates or DBMC mail entered at an ASF (except Phoenix, AZ, ASF).
2. A mailing fee of \$160.00 [\$150.00] must be paid once each 12-month period to mail at any destination entry Bound Printed Matter rate.
3. The DDU rate is not available for flats that weigh 1 pound or less.

**PACKAGE SERVICES  
 RATE SCHEDULE 522D  
 BOUND PRINTED MATTER  
 CARRIER ROUTE RATES, DESTINATION ENTRY  
 FLATS, PARCELS, AND IRREGULAR PARCELS**

**Flats**

**Current**

Rate	DDU	DSCF	DBMC			
			Zones 1 & 2	Zone 3	Zone 4	Zone 5
Per Piece	\$0.432	\$0.503	\$0.718	\$0.718	\$0.718	\$0.718
Per Pound	0.030	0.060	0.073	0.102	0.139	0.187

**Proposed**

Rate	DDU	DSCF	DBMC			
			Zones 1 & 2	Zone 3	Zone 4	Zone 5
Per Piece	\$0.456	\$0.531	\$0.757	\$0.757	\$0.757	\$0.757
Per Pound	0.032	0.063	0.077	0.108	0.147	0.197

**Parcels and Irregular Parcels**

**Current**

Rate	DDU	DSCF	DBMC			
			Zones 1 & 2	Zone 3	Zone 4	Zone 5
Per Piece	\$0.509	\$0.580	\$0.795	\$0.795	\$0.795	\$0.795
Per Pound	0.030	0.060	0.073	0.102	0.139	0.187

**Proposed**

Rate	DDU	DSCF	DBMC			
			Zones 1 & 2	Zone 3	Zone 4	Zone 5
Per Piece	\$0.537	\$0.612	\$0.838	\$0.838	\$0.838	\$0.838
Per Pound	\$0.032	\$0.063	\$0.077	\$0.108	\$0.147	\$0.197

**SCHEDULE 522D**

**NOTES**

1. A mailing fee of \$160.00 [\$150.00] must be paid once each 12-month period to mail at any destination entry Bound Printed Matter rate.

**PACKAGE SERVICES  
 RATE SCHEDULE 522E  
 BOUND PRINTED MATTER  
 BPM RETURN SERVICE  
 RETURN BMC RATE CATEGORY**

<b>Current Weight (lbs.)</b>	<b>Zones 1 &amp; 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Zone 5</b>
1.0	\$1.63	\$1.68	\$1.72	\$1.80
1.5	1.63	1.68	1.72	1.80
2.0	1.70	1.76	1.82	1.92
2.5	1.77	1.85	1.92	2.05
3.0	1.84	1.93	2.02	2.17
3.5	1.91	2.02	2.12	2.30
4.0	1.98	2.10	2.22	2.42
4.5	2.05	2.19	2.32	2.55
5.0	2.12	2.27	2.42	2.67
6.0	2.26	2.44	2.62	2.92
7.0	2.40	2.61	2.82	3.17
8.0	2.54	2.78	3.02	3.42
9.0	2.68	2.95	3.22	3.67
10.0	2.82	3.12	3.42	3.92
11.0	2.96	3.29	3.62	4.17
12.0	3.10	3.46	3.82	4.42
13.0	3.24	3.63	4.02	4.67
14.0	3.38	3.80	4.22	4.92
15.0	3.52	3.97	4.42	5.17

<b>Proposed Weight (lbs)</b>	<b>Zones 1 &amp; 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Zone 5</b>
1.0	\$1.72	\$1.77	\$1.81	\$1.90
1.5	\$1.72	\$1.77	\$1.81	\$1.90
2.0	\$1.79	\$1.85	\$1.92	\$2.02
2.5	\$1.86	\$1.95	\$2.02	\$2.16
3.0	\$1.94	\$2.03	\$2.13	\$2.29
3.5	\$2.01	\$2.13	\$2.23	\$2.42
4.0	\$2.08	\$2.21	\$2.34	\$2.55
4.5	\$2.16	\$2.31	\$2.44	\$2.69
5.0	\$2.23	\$2.39	\$2.55	\$2.81
6.0	\$2.38	\$2.57	\$2.76	\$3.08
7.0	\$2.53	\$2.75	\$2.97	\$3.34
8.0	\$2.68	\$2.93	\$3.18	\$3.60
9.0	\$2.82	\$3.11	\$3.39	\$3.87
10.0	\$2.97	\$3.29	\$3.60	\$4.13
11.0	\$3.12	\$3.47	\$3.81	\$4.39
12.0	\$3.27	\$3.64	\$4.02	\$4.66
13.0	\$3.41	\$3.82	\$4.24	\$4.92
14.0	\$3.56	\$4.00	\$4.45	\$5.18
15.0	\$3.71	\$4.18	\$4.66	\$5.45

**PACKAGE SERVICES  
RATE SCHEDULE 523  
MEDIA MAIL**

	<b>Current</b>	<b>Proposed</b>
<b>First Pound</b>		
Single-Piece	\$1.42	\$1.50
5-Digit Presort	0.80	0.84
Basic Presort	1.12	1.18
<b>Each additional pound, through 7 pounds</b>	0.42	0.44
<b>Each additional pound, over 7 pounds</b>	0.30	0.32

**SCHEDULE 523  
NOTES**

1. A mailing fee of \$160.00 [~~\$150.00~~] must be paid once each 12-month period to mail at any Media Mail presorted rate.
2. For barcode discount, deduct \$0.03 per piece (machinable parcels only). Barcode discount is not available for pieces mailed at the 5-digit rate.

**PACKAGE SERVICES  
RATE SCHEDULE 524  
LIBRARY MAIL**

	<b>Current</b>	<b>Proposed</b>
<b>First Pound</b>		
Single-Piece	\$1.35	\$1.43
5-Digit Presort	0.76	0.80
Basic Presort	1.06	1.12
<b>Each additional pound, through 7 pounds</b>	0.40	0.42
<b>Each additional pound, over 7 pounds</b>	0.29	0.30

**SCHEDULE 524**

**NOTES**

1. A mailing fee of \$160.00 [\$150.00] must be paid once each 12-month period to mail at any Library Mail presorted rate.
2. For barcode discount, deduct \$0.03 per piece (machinable parcels only). Barcode discount is not available for pieces mailed at the 5-digit rate.

**FEE SCHEDULE 911**  
**ADDRESS CORRECTIONS**

	<u>Current</u>	<u>Proposed</u>
Manual correction, each	\$0.70	\$0.75
Electronic correction, each	0.20	0.21

**FEE SCHEDULE 912**  
**ZIP CODING OF MAILING LISTS**

	<u>Current</u>	<u>Proposed</u>
Per 1,000 addresses, or fraction	\$100.00	\$105.00

**CORRECTION OF MAILING LISTS**

	<u>Current</u>	<u>Proposed</u>
Per submitted address	\$0.30	\$0.30
Minimum charge per list (30 items)	9.00	9.00

**ADDRESS CHANGES FOR ELECTION BOARDS AND REGISTRATION COMMISSIONS**

	<u>Current</u>	<u>Proposed</u>
Per change of address	\$0.27	\$0.28

**SEQUENCING OF ADDRESS CARDS**

	<u>Current</u>	<u>Proposed</u>
Per correction	\$0.30	\$0.30
Insertion of blanks	0.00	0.00

1. When rural routes have been consolidated or changed to another post office, no charge will be made for correction if the list contains only names of persons residing on the routes involved.

**FEE SCHEDULE 921  
 POST OFFICE BOXES AND CALLER SERVICE**

**I. Post Office Boxes**

**Semi-annual Box Fees**

**Current**

<b>Box Size</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>E</b>
<b>1</b>	\$35.00	\$29.00	\$24.00	\$19.00	\$13.00	\$12.00	\$9.00	\$0.00
<b>2</b>	50.00	45.00	38.00	34.00	22.00	18.00	13.00	0.00
<b>3</b>	100.00	80.00	68.00	63.00	34.00	33.00	23.00	0.00
<b>4</b>	205.00	170.00	118.00	110.00	65.00	60.00	40.00	0.00
<b>5</b>	330.00	315.00	209.00	175.00	125.00	97.00	70.00	0.00

**Proposed**

<b>Box Size</b>	<b>Fee Group</b>							
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>E</b>
<b>1</b>	\$37.00	\$31.00	\$25.00	\$20.00	\$14.00	\$13.00	\$9.00	\$0.00
<b>2</b>	53.00	47.00	40.00	36.00	23.00	19.00	14.00	0.00
<b>3</b>	105.00	84.00	72.00	66.00	36.00	35.00	24.00	0.00
<b>4</b>	216.00	179.00	124.00	116.00	69.00	63.00	42.00	0.00
<b>5</b>	348.00	332.00	220.00	184.00	132.00	102.00	74.00	0.00

1. A customer ineligible for carrier delivery may obtain a post office box at Group E fees, subject to administrative decisions regarding customer's proximity to post office.
2. Box Size 1 = under 296 cubic inches; 2 = 296-499 cubic inches; 3 = 500-999 cubic inches; 4 = 1000- 1999 cubic inches; 5 = 2000 cubic inches and larger.

**Key Duplication and Lock Charges**

	<b>Current</b>	<b>Proposed</b>
Key duplication or replacement	\$4.40	\$4.65
Post office box lock replacement	11.00	11.60

**II. Caller Service**

	<b>Current</b>	<b>Proposed</b>
Semi-annual Caller Service fee	\$412.00	\$434.00
Annual Call Number Reservation fee	32.00	34.00

**FEE SCHEDULE 931  
 BUSINESS REPLY MAIL**

	<b>Current</b>	<b>Proposed</b>
<b>Regular (no accounting fee)</b>		
Permit fee (per year)	\$150.00	\$160.00
Per piece charge	0.60	0.65
<b>Regular (with accounting fee)</b>		
Permit fee (per year)	150.00	160.00
Accounting fee (per year)	475.00	500.00
Per piece charge	0.10	0.11
<b>Qualified Business Reply Mail, low-volume</b>		
Permit fee (per year)	150.00	160.00
Accounting fee (per year)	475.00	500.00
Per piece charge, basic	0.06	0.06
<b>Qualified Business Reply Mail, high-volume</b>		
Permit fee (per year)	150.00	160.00
Accounting fee (per year)	475.00	500.00
Quarterly fee	1,800.00	1,900.00
Per piece charge, high-volume	0.008	0.008
<b>Bulk Weight Averaged</b>		
Permit fee (per year)	150.00	160.00
Accounting fee (per year)	475.00	500.00
Per piece charge, bulk weight averaged	0.01	0.01
Monthly maintenance fee	750.00	790.00

**FEE SCHEDULE 932**  
**MERCHANDISE RETURN SERVICE**

	<u>Current</u>	<u>Proposed</u>
Permit fee (per year)	\$150.00	\$160.00
Accounting fee (per year)	475.00	500.00
Per piece charge	0.00	0.00

**FEE SCHEDULE 933**  
**ON-SITE METER SERVICE**

	<u>Current</u>	<u>Proposed</u>
Per employee, per visit	\$35.00	\$37.00
Per meter reset or examined	5.00	5.25
Per meter checked into or out of service	4.00	4.25

1. Fee for checking meters into or out of service does not apply if a Postal Service-approved automated process is used to check a secured meter into and out of service.

**FEE SCHEDULE 935**  
**BULK PARCEL RETURN SERVICE**

	<b>Current</b>	<b>Proposed</b>
Permit fee (per year)	\$150.00	\$160.00
Accounting fee (per year)	475.00	500.00
Per piece charge	1.80	1.90

**FEE SCHEDULE 936**  
**SHIPPER PAID FORWARDING**

	<u>Current</u>	<u>Proposed</u>
Accounting fee (per year)	\$475.00	\$500.00

**FEE SCHEDULE 941**  
**CERTIFIED MAIL**

	<u>Current</u>	<u>Proposed</u>
Fee per piece, in addition to postage	\$2.30	\$2.40

**FEE SCHEDULE 942**  
**REGISTERED MAIL**

<b>Declared Value</b>	<b>Current Fee</b> (in addition to postage)	<b>Proposed Fee</b> (in addition to postage)
\$0.00	\$7.50	\$12.75
\$0.01 to 100.00	8.00	13.60
100.01 to 500.00	8.85	15.05
500.01 to 1,000.00	9.70	16.50
1,000.01 to 2,000.00	10.55	17.95
2,000.01 to 3,000.00	11.40	19.40
3,000.01 to 4,000.00	12.25	20.85
4,000.01 to 5,000.00	13.10	22.30
5,000.01 to 6,000.00	13.95	23.75
6,000.01 to 7,000.00	14.80	25.20
7,000.01 to 8,000.00	15.65	26.65
8,000.01 to 9,000.00	16.50	28.10
9,000.01 to 10,000.00	17.35	29.55
10,000.01 to 11,000.00	18.20	31.00
11,000.01 to 12,000.00	19.05	32.45
12,000.01 to 13,000.00	19.90	33.90
13,000.01 to 14,000.00	20.75	35.35
14,000.01 to 15,000.00	21.60	36.80
15,000.01 to 16,000.00	22.45	38.25
16,000.01 to 17,000.00	23.30	39.70
17,000.01 to 18,000.00	24.15	41.15
18,000.01 to 19,000.00	25.00	42.60
19,000.01 to 20,000.00	25.85	44.05
20,000.01 to 21,000.00	26.70	45.50
21,000.01 to 22,000.00	27.55	46.95
22,000.01 to 23,000.00	28.40	48.40
23,000.01 to 24,000.00	29.25	49.85
24,000.01 to 25,000.00	30.10	51.30
25,000.01 to \$1 million	30.10 plus \$0.85 handling charge for each \$1,000 or fraction thereof over \$25,000.00	51.30 plus \$1.45 handling charge for each \$1,000 or fraction thereof over \$25,000.00
Over \$1 million to \$15 million	858.85 plus \$0.85 handling charge for each \$1,000 or fraction thereof over \$1,000,000.00	1,465.05 plus \$1.45 handling charge for each \$1,000 or fraction thereof over \$1,000,000.00
Over \$15 million	12,758.85 plus amount determined by the Postal Service based on weight, space, and value	21,765.05 plus amount determined by the Postal Service based on weight, space, and value

**SCHEDULE 942 NOTES**

- Articles with a declared value of more than \$25,000 can be registered, but compensation for loss or damage is limited to \$25,000.

**FEE SCHEDULE 943  
 INSURANCE**

	<u>Current</u>	<u>Proposed</u>
<b>Express Mail Insurance</b>		
<b>Merchandise coverage</b>		
\$0.01 to 100.00	\$0.00	\$0.00
Fee per \$100 or fraction over \$100, up to \$5,000	1.00	1.05
<b>Document reconstruction coverage</b>		
0.00 to 100.00	0.00	0.00
<b>Regular Insurance</b>		
<b>Amount of coverage</b>		
\$0.01 to 50.00	1.30	1.35
50.01 to 100.00	2.20	2.30
100.01 to 5,000.00	\$2.20 plus \$1.00 for each \$100 or fraction thereof over \$100	\$2.30 plus \$1.05 for each \$100 or fraction thereof over \$100
<b>Bulk Insurance</b>		
<b>Amount of coverage</b>		
\$0.01 to 50.00	0.70	0.75
50.01 to 100.00	1.40	1.50
100.01 to 5,000.00	\$1.40 plus \$1.00 for each \$100 or fraction thereof over \$100	\$1.50 plus \$1.05 for each \$100 or fraction thereof over \$100

1. Fees for bulk insurance represent a discount of \$0.60 per piece for coverage between \$0.01 and \$50.00 and a discount of \$0.80 for coverage between \$50.01 and \$5,000.00.

**FEE SCHEDULE 944**  
**COLLECT ON DELIVERY**

	<u>Current</u>	<u>Proposed</u>
<b>Amount to be collected</b>		
\$0.01 to 50.00	\$4.50	\$4.75
50.01 to 100.00	5.50	5.80
100.01 to 200.00	6.50	6.85
200.01 to 300.00	7.50	7.90
300.01 to 400.00	8.50	8.95
400.01 to 500.00	9.50	10.00
500.01 to 600.00	10.50	11.05
600.01 to 700.00	11.50	12.10
700.01 to 800.00	12.50	13.15
800.01 to 900.00	13.50	14.20
900.01 to 1,000.00	14.50	15.25
Notice of nondelivery	3.00	3.15
Alteration of COD charges	3.00	3.15
Designation of new addressee	3.00	3.15
Registered COD	4.00	4.20

**FEE SCHEDULE 945**  
**RETURN RECEIPTS**

**Return Receipt**

	<u>Current</u>	<u>Proposed</u>
<b>Requested at time of mailing</b>		
Original signature	\$1.75	\$1.85
Copy of signature (electronic)	1.30	1.35
<b>Requested after mailing</b>	3.25	3.45

**Return Receipt for Merchandise**

	<u>Current</u>	<u>Proposed</u>
Requested at time of mailing	\$3.00	\$3.15
Delivery record	3.25	3.45

**FEE SCHEDULE 946**  
**RESTRICTED DELIVERY**

	<u>Current</u>	<u>Proposed</u>
Per piece	\$3.50	\$3.70

**FEE SCHEDULE 947  
 CERTIFICATE OF MAILING**

	Current	Proposed
<b>Individual Pieces</b>		
Original certificate of mailing for listed pieces of all classes of ordinary mail	\$0.90	\$0.95
Three or more pieces individually listed in a firm mailing book or an approved customer-provided manifest (per piece)	0.30	0.30
Each additional copy of original certificate of mailing or original mailing receipt for registered, insured, certified, and COD mail (each copy)	0.90	0.95
<b>Bulk</b>		
Identical pieces of First-Class Mail and Standard Mail paid with ordinary stamps, precanceled stamps, or meter stamps are subject to the following fees:		
Up to 1,000 pieces (one certificate for total number)	4.50	4.75
For each additional 1,000 pieces or fraction	0.50	0.55
Duplicate copy	0.90	0.95

**FEE SCHEDULE 948**  
**DELIVERY CONFIRMATION**

	<u>Current</u>	<u>Proposed</u>
<b>First-Class Mail Letters and Sealed Parcels</b>		
Electronic	\$0.13	\$0.14
Retail	0.55	0.60
<b>Priority Mail</b>		
Electronic	0.00	0.00
Retail	0.45	0.50
<b>Standard Mail</b>		
Electronic	0.13	0.14
<b>Package Services Parcel Select</b>		
Electronic	0.00	0.00
<b>Other Package Services</b>		
Electronic	0.13	0.14
Retail	0.55	0.60

**FEE SCHEDULE 949**  
**SIGNATURE CONFIRMATION**

	<u>Current</u>	<u>Proposed</u>
<b>First-Class Mail Letters and Sealed Parcels</b>		
Electronic	\$1.30	\$1.35
Retail	1.80	1.90
 <b>Priority Mail</b>		
Electronic	1.30	1.35
Retail	1.80	1.90
 <b>Package Services</b>		
Electronic	1.30	1.35
Retail	1.80	1.90

**FEE SCHEDULE 951**  
**PARCEL AIR LIFT**

	<u>Current</u>	<u>Proposed</u>
<b>For pieces weighing:</b>		
Not more than 2 pounds	\$0.45	\$0.45
Over 2 but not more than 3 pounds	0.85	0.90
Over 3 but not more than 4 pounds	1.25	1.30
Over 4 but not more than 30 pounds	1.70	1.80

**FEE SCHEDULE 952**  
**SPECIAL HANDLING**

	<u>Current</u>	<u>Proposed</u>
<b>For pieces weighing:</b>		
Not more than 10 pounds	\$5.95	\$6.25
More than 10 pounds	8.25	8.70

**FEE SCHEDULE 961**  
**STAMPED ENVELOPES**

	<u>Current</u>	<u>Proposed</u>
<b>Plain stamped envelopes</b>		
Basic, size 6-3/4, each	\$0.08	\$0.08
Basic, size 6-3/4, 500	12.00	13.00
Basic, over size 6-3/4, each	0.08	0.08
Basic, over size 6-3/4, 500	14.00	15.00
<b>Personalized stamped envelopes</b>		
Basic, size 6-3/4, 50	3.50	3.75
Basic, size 6-3/4, 500	17.00	18.00
Basic, over size 6-3/4, 50	3.50	3.75
Basic, over size 6-3/4, 500	20.00	21.00

**FEE SCHEDULE 962**  
**STAMPED CARDS**

	<u>Current</u>	<u>Proposed</u>
Single card	\$0.02	\$0.02
Double reply-paid card	0.04	0.04
Sheet of 40 cards (uncut)	0.80	0.80

**FEE SCHEDULE 971**  
**MONEY ORDERS**

	<u>Current</u>	<u>Proposed</u>
Domestic (\$0.01 - \$500.00)	\$0.90	\$0.95
Domestic (\$500.01 - \$1,000.00)	1.25	1.30
APO/FPO (\$0.01 - \$1,000.00)	0.25	0.25
Inquiry, including a copy of paid money order	3.00	3.15

**FEE SCHEDULE 1000**  
**MISCELLANEOUS FEES**

	<b>Current</b>	<b>Proposed</b>
First-Class Presorted Mailing Fee (per year)	\$150.00	\$160.00
Standard Mail Mailing Fee (per year)	150.00	160.00
Periodicals		
A. Original Entry	475.00	500.00
B. Additional Entry	60.00	65.00
C. Re-entry	40.00	45.00
D. Registration for News Agents	40.00	40.00
Parcel Select Mailing Fee (per year)	150.00	160.00
Bound Printed Matter Destination Entry Mailing Fee (per year)	150.00	160.00
Media Mail Presorted Mailing Fee (per year)	150.00	160.00
Library Mail Presorted Mailing Fee (per year)	150.00	160.00
Authorization to Use Permit Imprint (one-time only)	150.00	160.00
Accounting Fee (per year)	475.00	500.00
Permit Fee (per year)	150.00	160.00

## **ATTACHMENT B**

### **SPECIFICATION OF THE RULES, REGULATIONS, AND PRACTICES THAT ESTABLISH STANDARDS OF SERVICE AND CONDITIONS OF MAILABILITY**

In accordance with the Commission's rules of practice and procedure, 39 C.F.R. § 3001.54(b)(2) (1998), the Postal Service designates the contents of the Domestic Mail Manual (DMM) as specifying those rules, regulations, and practices that establish conditions of mailability and standards of service. The following sets forth the table of contents of the DMM. Compliance with this rule by the Postal Service is not an admission that any of the specified rules, regulations, and practices, or any other contents of the DMM or other postal manuals, are subject to the jurisdiction of the Postal Rate Commission, and the Postal Service expressly reserves the right to contest any assertion of such Commission jurisdiction.

# Mailing Standards of the United States Postal Service

DOMESTIC MAIL MANUAL

UPDATED 3/17/2005

## DMM Introduction

## Summary of Changes

## Quick Service Guides

### RETAIL MAILING SERVICES

#### **100 Retail Letters, Cards, Flats, and Parcels**

- 101 Physical Standards
- 102 Elements on the Face of a Mailpiece
- 110 Express Mail
- 120 Priority Mail
- 130 First-Class Mail
- 150 Parcel Post
- 160 Bound Printed Matter
- 170 Media Mail
- 180 Library Mail

### DISCOUNT MAILING SERVICES

#### **200 Discount Letters and Cards**

- 201 Physical Standards
- 202 Elements on the Face of a Mailpiece
- 230 First-Class Mail
- 240 Standard Mail

#### **300 Discount Flats**

- 301 Physical Standards
- 302 Elements on the Face of a Mailpiece
- 330 First-Class Mail
- 340 Standard Mail
- 360 Bound Printed Matter
- 370 Media Mail
- 380 Library Mail

#### **400 Discount Parcels**

- 401 Physical Standards
- 402 Elements on the Face of a Mailpiece
- 430 First-Class Mail
- 440 Standard Mail
- 450 Parcel Post
- 460 Bound Printed Matter
- 470 Media Mail
- 480 Library Mail

### GENERAL INFORMATION

#### **500 Additional Services**

- 503 Extra Services
- 507 Mailer Services
- 508 Recipient Services
- 509 Other Services

#### **600 Basic Standards for All Mailing Services**

- 601 Mailability
- 602 Addressing
- 604 Postage Payment Methods
- 607 Mailer Compliance and Appeal of Classification Decisions
- 608 Postal Information and Resources
- 609 Filing Indemnity Claims for Loss or Damage

#### **700 Special Standards**

- 703 Nonprofit Standard Mail and Other Unique Eligibility
- 705 Advanced Preparation and Special Postage Payment Systems
- 707 Periodicals
- 708 Technical Specifications
- 709 Experimental Classifications and Rates

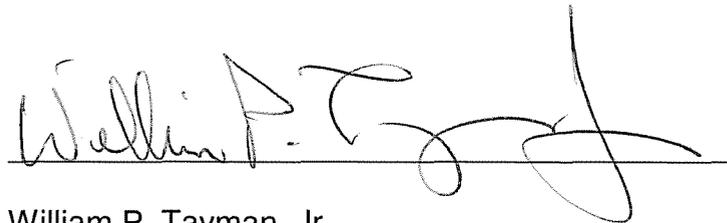
#### **Index and Appendices**

- Index
- Labeling Lists
- Forms Glossary
- Summary of Changes
- Rates and Fees Reference

CERTIFICATION

I, William P. Tayman, Jr., Manager, Corporate Financial Planning, United States Postal Service, am familiar with the attached Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services and Request for Expedition, together with the accompanying direct testimony and exhibits.

Pursuant to Rule 54(p) of the Postal Rate Commission's Rules of Practice and Procedure, 39 C.F.R. § 3001.54(p), I hereby certify that I have read the Request, that the cost statements and supporting data submitted as part of that Request, which purport to reflect the books of the Postal Service, accurately set forth the results shown by such books, and that, to the best of my knowledge, information, and belief, every statement contained in the Request is proper.

A handwritten signature in black ink, appearing to read "William P. Tayman, Jr.", is written over a horizontal line. The signature is stylized and cursive.

William P. Tayman, Jr.

## Report of Independent Auditors

Board of Governors  
United States Postal Service

We have audited the accompanying balance sheets of the United States Postal Service as of September 30, 2004 and 2003, and the related statements of operations, changes in net capital (deficiency) and cash flows for each of the three years in the period ended September 30, 2004. These financial statements are the responsibility of the United States Postal Service's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States Postal Service as of September 30, 2004 and 2003 and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2004 in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2004 on our consideration of the United States Postal Service's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Ernst + Young LLP*

McLean, VA  
November 10, 2004

statements of operations

(Dollars in millions)	Year ended September 30,		
	2004	2003	2002
Operating revenue	\$68,996	\$68,529	\$66,463
Operating expenses:			
Compensation and benefits	52,134	50,428	51,557
Transportation	4,969	4,989	5,132
Other	<u>8,748</u>	<u>8,485</u>	<u>8,545</u>
Total operating expenses	65,851	63,902	65,234
Income from operations	3,145	4,627	1,229
Interest and investment income	33	58	46
Interest expense on deferred retirement obligations	(103)	(116)	(1,601)
Other interest expense	(10)	(334)	(340)
Debt repurchase expense	-	(360)	-
Emergency preparedness appropriations	-	177	179
Emergency preparedness expenses	<u>-</u>	<u>(184)</u>	<u>(189)</u>
Net income (loss)	<u>\$ 3,065</u>	<u>\$ 3,868</u>	<u>\$ (676)</u>

See accompanying notes to financial statements.

balance sheets

(Dollars in millions)	September 30,	
	2004	2003
<b>Liabilities and Net Capital</b>		
<b>Current Liabilities:</b>		
Compensation and benefits	\$ 2,640	\$ 2,518
Estimated prepaid postage	1,256	1,349
Payables and accrued expenses:		
Commercial vendors and accrued expenses	1,739	2,146
Foreign countries	778	879
U.S. government	<u>87</u>	<u>83</u>
Total payables and accrued expenses	2,604	3,108
Customer deposit accounts	1,606	1,566
Outstanding postal money orders	767	768
Prepaid box rentals and other deferred revenue	397	387
Debt	<u>1,800</u>	<u>7,273</u>
Total Current Liabilities	11,070	16,969
<b>Non-Current Liabilities:</b>		
Workers' compensation costs	6,651	6,324
Employees' accumulated leave	2,006	1,932
Other	<u>1,321</u>	<u>1,151</u>
Total Non-Current Liabilities	9,978	9,407
Total Liabilities	21,048	26,376
<b>Net Capital:</b>		
Capital contributions of the U.S. government	3,034	3,034
Retained earnings (deficit) since reorganization	<u>897</u>	<u>(2,168)</u>
Total Net Capital	<u>3,931</u>	<u>866</u>
Total Liabilities and Net Capital	<u>\$24,979</u>	<u>\$27,242</u>

See accompanying notes to financial statements.

balance sheets

(Dollars in millions)	September 30,	
	2004	2003
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 877	\$ 2,266
Receivables:		
Foreign countries	621	744
U.S. government	327	359
Consignment	48	50
Other	<u>139</u>	<u>144</u>
Receivables before allowances	1,135	1,297
Less allowances	<u>111</u>	<u>106</u>
Total receivables, net	1,024	1,191
Supplies, advances and prepayments	<u>220</u>	<u>366</u>
Total Current Assets	2,121	3,823
Other Assets, Principally Revenue Forgone Appropriations Receivable	361	365
Property and Equipment, at Cost:		
Buildings	20,171	19,759
Equipment	17,277	17,166
Land	2,810	2,809
Leasehold improvements	<u>1,103</u>	<u>1,060</u>
	41,361	40,794
Less allowances for depreciation and amortization	<u>20,656</u>	<u>18,717</u>
	20,705	22,077
Construction in progress	<u>1,792</u>	<u>977</u>
Total Property and Equipment, Net	<u>22,497</u>	<u>23,054</u>
Total Assets	<u>\$24,979</u>	<u>\$27,242</u>

See accompanying notes to financial statements.

statements of changes in net capital (deficiency)

Year ended September 30, 2004, 2003 and 2002

(Dollars in millions)	Capital Contributions of U.S. Government	Retained Earnings (Deficit) Since Reorganization	Total Net Capital (Deficiency)
Balance, September 30, 2001	\$3,034	\$(5,360)	\$(2,326)
Net loss	<u>-</u>	<u>(676)</u>	<u>(676)</u>
Balance, September 30, 2002	3,034	(6,036)	(3,002)
Net income	<u>-</u>	<u>3,868</u>	<u>3,868</u>
Balance September 30, 2003	3,034	(2,168)	866
Net income	<u>-</u>	<u>3,065</u>	<u>3,065</u>
Balance, September 30, 2004	<u>\$3,034</u>	<u>\$ 897</u>	<u>\$ 3,931</u>

See accompanying notes to financial statements.

statements of cash flows

(Dollars in millions)	Year ended September 30,		
	2004	2003	2002
Cash flows from operating activities:			
Net income (loss)	\$3,065	\$3,868	\$ (676)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	2,145	2,295	2,296
Loss on disposals of property and equipment, net	71	64	6
Decrease in other assets, principally revenue forgone appropriations receivable	4	3	4
Increase in workers' compensation liability	343	526	734
Increase (decrease) in employees' accumulated leave	74	(156)	(36)
Increase (decrease) in other non-current liabilities	170	(31)	196
Changes in current assets and liabilities:			
Decrease (increase) in receivables, net	167	(394)	(189)
Decrease (increase) in supplies, advances and prepayments	146	(39)	(7)
Increase (decrease) in compensation and benefits	106	(427)	(877)
Decrease in estimated prepaid postage	(93)	(151)	(123)
(Decrease) increase in payables and accrued expenses	(412)	1,201	(80)
Increase (decrease) in customer deposit accounts	40	(138)	145
Decrease in outstanding postal money orders	(1)	(218)	(2)
Increase in prepaid box rent and other deferred revenue	10	2	52
Net cash provided by operating activities	5,835	6,405	1,443
Cash flows from investing activities:			
Purchase of property and equipment	(1,685)	(1,314)	(1,705)
Proceeds from sale of property and equipment	26	37	30
Net cash used in investing activities	(1,659)	(1,277)	(1,675)
Cash flows from financing activities:			
U.S. government appropriations - Received	—	—	762
U.S. government appropriations - Expended	(92)	(177)	(179)
Issuance of debt	—	4,609	2,700
Payments on debt	(5,473)	(8,450)	(2,900)
Net cash (used in) provided by financing activities	(5,565)	(4,018)	383
Net (decrease) increase in cash and cash equivalents	(1,389)	1,110	151
Cash and cash equivalents at beginning of year	2,266	1,156	1,005
Cash and cash equivalents at end of year	\$ 877	\$2,266	\$1,156

See accompanying notes to financial statements.

## Notes to the financial statements

### Note 1 - description of business

#### Nature of Operations

The United States Postal Service (Postal Service) provides mail service to the public, offering a variety of classes of mail services without undue discrimination among its many customers. This means that within each class of mail our price does not unreasonably vary by customer for the levels of service we provide. This fulfills our legal mandate to offer universal services at a fair and uniform price. Our primary lines of business are First-Class Mail, Standard Mail, Express Mail, Priority Mail, Periodicals and Package Services. The principal markets for these services are the communications, distribution and delivery, advertising and retail markets. Our products are distributed through our more than 37,000 Post Offices, stations and branches, contract postal units and a large network of consignees. We conduct our significant operations primarily in the domestic market, with international operations representing less than 3% of our total revenue.

Our labor force is primarily represented by the American Postal Workers Union, National Association of Letter Carriers, National Postal Mail Handlers Union and National Rural Letter Carriers Association. Almost 90% of our career employees are covered by collective bargaining agreements. The agreements with the major unions expire between November 20, 2005, and November 20, 2006.

By law, we also consult with management organizations representing most of the employees not covered by collective bargaining agreements. These consultations provide an opportunity to participate directly in the planning, development, and implementation of programs and policies affecting the managerial employees in the field. The management organizations include the National Association of Postal Supervisors, National League of Postmasters, and National Association of Postmasters of the United States. We participate in federal employee benefit programs covering retirement, health benefits, and workers' compensation.

#### Postal Reorganization

The Postal Service commenced operations on July 1, 1971, in accordance with the provisions of the Postal Reorganization Act (the Act). The equity that the U.S. government held in the former Post Office Department became the initial capital of the Postal Service. The Postal Service valued the assets of the former Post Office Department at original cost less accumulated depreciation. The initial transfer of assets, including property, equipment and cash, totaled \$1.7 billion. Subsequent cash contributions and transfers of assets between 1973 and 1982 totaled approximately \$1.3 billion, resulting in total government

contributions of approximately \$3 billion. The U.S. government remained responsible for all the liabilities attributable to operations of the former Post Office Department. However, under the Balanced Budget Act of 1997, the remaining liability for Post Office Department workers' compensation costs was transferred to the Postal Service.

Although the Postal Service is excluded from the U.S. government budgetary process, the Postal Service enters into significant transactions with other government agencies, as disclosed throughout these financial statements.

#### Price Setting Process

Since 1971, the Act has required the Postal Service to establish prices that cover the costs of operating the postal system. The Act established the independent Postal Rate Commission with oversight responsibility for mail prices, subject to approval by the Governors of the Postal Service. The ratemaking process provides for the recovery of financial losses through future rate increases.

### Note 2 - summary of significant accounting policies

#### Basis of Accounting and Use of Estimates

We maintain our accounting records and prepare our financial statements on the accrual basis of accounting. This basis conforms to accounting principles generally accepted in the United States. Following these principles, we make estimates and assumptions that affect the amounts we report in the financial statements and notes. Actual results may differ from our estimates.

#### Cash and Cash Equivalents

Cash equivalents are securities that mature within 90 days or less from the date we buy them. We recognize checks outstanding as a current liability until presented for payment.

#### Current Values of Financial Instruments

The current value of our debt is what it would cost to pay off the debt if we used the current yield on equivalent U.S. Treasury debt.

We have foreign currency risk related to the settlement of terminal dues and transit fees with foreign postal administrations for international mail. The majority of our international accounts are denominated in special drawing rights (SDRs). The SDR exchange rate fluctuates daily based on a basket of currencies comprised of the euro, the Japanese yen, the pound sterling and the U.S. dollar. Changes in the relative

## Notes to the financial statements

value of these currencies will increase or decrease the value of our settlement accounts and result in a gain or loss from revaluation reported in the results from operations. The actual currency used to settle accounts varies by country.

The impact on the statement of operations from this revaluation was a gain of \$10 million in 2004, a loss of \$9 million in 2003, and a loss of \$7 million in 2002. In addition to the year end revaluation, we also recognize gains and losses on our payables and receivables when we settle with foreign postal administrations. The impact on the statement of operations from these settlement losses was \$15 million in 2004, \$12 million in 2003 and \$7 million in 2002.

### Supplies, Advances and Prepayments

Supplies, advances and prepayments are primarily composed of our inventories of supplies, motor vehicle parts and parts for mail processing equipment. We value our inventories at the lower of average cost or current market price. Total inventories amounted to \$118 million at the end of 2004 and \$123 million at the end of 2003.

### Property and Equipment

We record property and equipment at what it cost us to acquire the assets, including the interest we pay on the money we borrow to pay for the construction of major capital additions. This interest amounted to \$5 million in 2004, \$1 million in 2003, and \$23 million in 2002. Repairs and maintenance are charged to expense as incurred. This expense amounted to \$744 million in 2004, \$692 million in 2003 and \$577 million in 2002.

We depreciate buildings and equipment over their estimated useful lives, which range from 3 to 75 years, using the straight-line method. We amortize leasehold improvements over the period of the lease or the useful life of the improvement, whichever time is shorter.

### Impaired Assets

We record losses on long-lived assets when events and circumstances indicate that the assets might be impaired. In accordance with Statement of Financial Accounting Standards (FAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, we have written down our impaired assets to the lower of cost or fair value. In 2004 it was determined that an unused Post Office building in a major city was impaired. A contract granting a prospective buyer an option to buy this building has been signed. This option is contingent on the Postal Service making all necessary repairs to the building. An impairment loss of \$24 million was recorded in 2004 in order

to reduce the carrying value of the property to its estimated fair value, including the cost of necessary repairs. No material impairments were recorded in 2003 or 2002.

### Allowance for Doubtful Accounts

We provide an allowance for doubtful accounts in our outstanding receivables based on our collection history and an estimate of uncollectible accounts.

### Revenue Recognition/Estimated Prepaid Postage

We recognize revenue when service is rendered. Estimated prepaid postage is the amount of cash we estimate that we collected by the end of the year for services that we will perform in the following year. In 2002 after extensive analysis, we changed our estimate of the sampling period for meter customers from 92 days to 30 days to more closely reflect the meter resetting practices of our customers. The impact of this change in estimate was a \$113 million reduction of the liability in 2002.

### Compensation and Benefits Payable

This is the salaries and benefits we owe to current and retired employees, including the amounts employees have earned but have not yet been paid, current workers' compensation, unemployment costs and health benefits.

### Segment Information

We operate in one segment throughout the United States and internationally. Our international operations are not significant.

### Deferred Retirement Benefits and Costs

We are an independent establishment of the executive branch of the U.S. government. We provide pension benefits as defined by OPM and, therefore, have a parent-subsidiary type relationship. We account for our participation in the U.S. government sponsored retirement plans as a participant in a multi-employer plan arrangement in accordance with FAS 87, *Employers' Accounting For Pension Costs*. See notes 6 and 7 for additional information.

## Notes to the financial statements

### Retiree Health Benefits

We are required to pay a portion of the health insurance premiums of those retirees and their survivors who participate in the Federal Employees Health Benefits Program (FEHBP). We account for our participation in FEHBP as a participant in a multi-employer plan arrangement in accordance with FAS 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*. Therefore, the costs of retiree health benefits are expensed as we incur them. See note 4 for additional information.

### Workers' Compensation Costs

We are self-insured for workers' compensation costs under a program administered by the Department of Labor (DOL). We record these costs, which include the employees' medical expenses and payment for continuation of wages, as an operating expense.

Our liability represents the estimated present value of the total amounts we expect to pay in the future for postal workers injured through the end of 2004. The estimate of the total costs of a claim is based upon the severity of the injury, the age of the injured employee, the assumed life expectancy of the employee, the trend of our experience with such an injury and other factors. In our calculation of present value, a net discount rate of -0.8% for medical expenses and 3.3% for compensation claims is used. During 2004 we changed these discount rates in order to more accurately reflect our liability. See note 3 for additional information.

### Emergency Preparedness Appropriations

Emergency preparedness appropriations are the funds received from the federal government to help pay the costs to keep the mail, postal employees and postal customers safe. Upon receipt of the funds, we established a liability. In 2002 and 2003 we recognized these funds as non-operating revenue to the extent of the qualifying non-operating expenditure. Beginning in 2004 we are recognizing these funds as operating revenue to the extent they offset operating expenses. Appropriations utilized to purchase capital equipment will be offset against depreciation expense over the life of the equipment. See note 11 for additional information.

### Reclassifications

Certain comparative prior year amounts in the financial statements and accompanying notes have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported operating income and net income.

### Note 3 - workers' compensation

At the end of 2004, we estimate our total liability for future workers' compensation costs at \$7,579 million. At the end of 2003 this liability was \$7,236 million. The payout period for this liability will, for some claimants currently on the rolls, be for the rest of their lives. The liability is sensitive to changes in inflation and discount rates. An increase of 1% in the assumptions would decrease our estimate of the liability by approximately \$650 million. A decrease of 1% would increase our estimate of the liability by approximately \$790 million.

In 2004, we recorded \$1,239 million in workers' compensation expense, compared to the \$1,473 million we recorded in 2003 and the \$1,524 million we recorded in 2002.

In 2004, we changed the net discount rates used to determine the present value of estimated future workers' compensation payments, in consultation with an independent actuary. Our net discount rate is the estimated difference between what we expect to earn on investments compared to what we assume the inflation rate will be for medical costs and wage increases. Our net discount rate of -0.8% for medical claims means that our assumptions show that the average rate of inflation for medical claims (5.5%) will exceed our investment returns (4.7%) by 0.8% per year over the expected life of the medical claims. Conversely we believe that our assumed investment returns (5.5%) will exceed the rate of inflation on the consumer wages index (2.2%) by 3.3% over the expected life of the compensation claims.

The reduction in the medical claims net discount rate from 1.4% to -0.8% resulted in an increase in the medical claims liability and expense of \$362 million. The compensation claims net discount rate was increased from 3.0% to 3.3%, thereby reducing the liability and expense by \$148 million. The combined changes increased the total workers' compensation liability and expense by \$214 million. The effect of the adoption of these changes is accounted for as a change in accounting estimate.

In addition to the cost of workers' compensation claims, OWCP charges us an administrative fee for processing claims. In 2004, the administrative fee was \$44 million, compared to \$45 million in 2003 and \$37 million in 2002.

### Note 4 - health benefit programs

Career employees of the Postal Service are covered by the U.S. government health plan, the Federal Employees Health Benefits Program (FEHBP). The Office of Personnel Management administers the program and allocates the cost of the program to the various participating employers. Our

## Notes to the financial statements

portion of the cost is based upon the average premium cost of the various employee coverage choices and the specific coverage choices made by our employees. The employees of the Postal Service paid 16.7% of the cost in 2004, 2003 and 2002, and we paid the remainder.

Employees of the Postal Service who participate in the FEHBP for at least the five years immediately before their retirement may participate in the FEHBP during their retirement. The Omnibus Budget Reconciliation Act of 1990 requires us to pay the employer's share of health insurance premiums for all employees and their survivors, who participate in the FEHBP and who retire on or after July 1, 1971. However, we do not include the costs attributable to federal civilian service before that date.

We account for retiree health benefits as a participant in a multi-employer plan arrangement in accordance with FAS 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*. Our annuitant health benefit expenses amounted to \$1,313 million in 2004, \$1,133 million in 2003 and \$987 million in 2002. We include these costs in our compensation and benefits expense.

### Note 5 - debt and related interest costs

Under the Postal Reorganization Act, as amended by Public Law 101-227, we can issue debt obligations. However, we are limited to net annual increases of \$2 billion in our debt for capital improvements and to \$1 billion for operating expenses. Our total debt cannot exceed \$15 billion.

Cash outlays for interest (including the supplemental retirement obligations) were \$242 million in 2004, \$426 million in 2003 and \$339 million in 2002.

In January, July and August 2003, we repaid debt with maturity dates that extended to 2031. In connection with the August transaction, we paid a premium (debt repurchase expense) of \$360 million which was expensed when incurred.

At year-end, the current estimated market value of our debt was \$1,800 million in 2004 and \$7,283 million in 2003. Debt consists of \$1,800 million in cash drawn on our line of credit with the FFB.

Our Note Purchase Agreements with the Federal Financing Bank, renewed this year, provide for revolving credit lines of \$4 billion. These credit lines enable us to draw up to \$3.4 billion with two days' notice and up to \$600 million on the same business day the funds are needed. Under these agreements we

Our Debt Consists of the following

(Dollars in millions)		September 30,	
Interest Rate %	Terms*	2004	2003
Notes payable to the Federal Financing Bank (FFB):			
1.167	Payable February 5, 2004	\$ -	\$2,000
1.195	Payable February 17, 2004	-	250
1.084	Floating rate; payable August 15, 2004	-	1,750
1.731**	Short-term, floating rate, revolving credit facility, final maturity date of May 6, 2005	1,800	3,273
		<u>\$1,800</u>	<u>\$7,273</u>

\* All debt repurchasable at any time at a price determined by the current FFB rates.  
\*\* Weighted average interest rate; prior year's interest rate was 1.026%.

can also use a series of other notes with varying provisions to draw upon with two days' notice. The notes provide us the flexibility to borrow short-term or long-term, using fixed or floating rate debt, and can be either callable or non-callable.

### Note 6 - retirement programs

Our employees, retirees and their survivors participate in a pension program of the U.S. government. We account for our involvement in these programs as participation in a multi-employer plan arrangement, in accordance with FAS 87, *Employers' Accounting for Pensions*.

With certain exceptions, employees participate in one of the following three retirement programs based upon the starting date of their employment with the Postal Service. Employee and employer contributions are made to the Civil Service Retirement System, the Dual System or the Federal Employees Retirement System, which are administered by the Office of Personnel Management. Employees may also participate in the Thrift Savings Plan, which is a defined contribution retirement savings and investment plan. Postal Service employees are authorized to participate in the Thrift Savings Plan by the Federal Employees Retirement System Act of 1986. The Plan is administered by the Federal Retirement Thrift Investment Board.

## Notes to the financial statements

### Civil Service Retirement System (CSRS)

Under the Postal Reorganization Act, officers and career employees hired prior to January 1, 1984, are covered by the Civil Service Retirement System, which provides a basic annuity toward which we and the employee contribute. We do not match contributions to the Thrift Savings Plan for employees who participate in the CSRS.

The number of employees enrolled in each of the retirement plans at the end of 2004, 2003 and 2002 is as follows:

	2004	2003	2002
CSRS	188,670	211,913	230,632
Dual CSRS	9,238	10,122	10,828
FERS	509,577	505,728	510,237

### Dual Civil Service Retirement System/ Social Security System (Dual CSRS)

Employees with prior U.S. government service who were hired between January 1, 1984, and January 1, 1987, are covered by the Dual Civil Service Retirement System/Social Security System, which consists of a basic annuity and Social Security. We and the employee contribute to Social Security and the basic annuity at the rate prescribed by law. We do not match contributions to the Thrift Savings Plan for employees who participate in the Dual System.

### Deferred Retirement Liability – Civil Service Retirement System

Prior to Public Law 108-18 (see note 7), when we increased CSRS employees' current basic pay we were liable for the estimated additional deferred retirement liability. The Office of Personnel Management determined and billed us for the current portion of the increase in the estimated deferred liability of the Civil Service Retirement and Disability Fund (CSRDF) resulting from basic pay increases. We expensed as billed those amounts as they became payable in 30 equal annual installments, which included interest computed at a rate of 5% per year. We made the first payment at the end of the year in which employees received their pay increase.

### Federal Employees Retirement System (FERS)

Effective January 1, 1987, officers and career employees hired since December 31, 1983, except for those covered by the Dual System, are covered by the Federal Employees Retirement System Act of 1986. In addition, employees hired before January 1, 1984, could choose during certain periods in 1987, 1988 and 1998 to participate in the FERS. This system consists of Social Security, a basic annuity plan, and a Thrift Savings Plan. We and the employee contribute to Social Security and the basic annuity plan at the rate prescribed by law. In addition, we are required to contribute to the Thrift Savings Plan a minimum of 1% per year of the basic pay of employees covered by this system. We also match a voluntary employee contribution up to 3% of the employee's basic pay, and 50% of a contribution between 3% and 5% of basic pay.

Our retirement expense payment in 2002 under the CSRS as a result of basic pay increases was \$1,393 million plus interest of \$1,242 million.

Employer and employee base contributions, as a percentage of employee basic pay, are as follows for each of the three years for 2004, 2003 and 2002:

	2004	2003	2002
<b>CSRS</b>			
Employer	17.4	17.4*	7.0
Employee	7.0	7.0	7.0
<b>Dual CSRS</b>			
Employer	18.0	18.0*	7.0
Employee	0.8	0.8	0.8
<b>FERS</b>			
Employer	10.7	10.7	10.7
Employee	0.8	0.8	0.8

### Deferred Retirement Liability — Retirees' and Their Survivors' Cost of Living Adjustments (COLAs)

OPM determines the COLAs granted by Congress to our retirees. Under the Omnibus Budget Reconciliation Act of 1990, we were liable, by law, for our share of the COLAs granted to those retirees, and their survivors, retiring on or after July 1, 1971. We were not responsible for any costs due to federal civilian service before that date.

Prior to P.L.108-18 each year OPM determined the current portion of the increase in our share of the estimated liability of the CSRDF and billed us for COLAs granted for the current year. We expensed those billed amounts as they became payable in 15 equal annual installments, which included interest computed at a rate of 5% per year.

Our retirement expense payment in 2002 for our retirees' COLAs was \$879 million plus interest of \$359 million.

\* As of May 2003, P.L.108-18 changed our base contribution level for the CSRS. See note 7.

## Notes to the financial statements

### Expense Components

The following table lists the components of our total retirement expenses that are included in our compensation and benefits expense and related interest expense in the Statements of Operations for 2004, 2003 and 2002.

(Dollars in millions)	2004	2003	2002
CSRS	\$1,641	\$1,128	\$ 740
FERS	2,255	2,172	2,121
FERS — Thrift			
Savings Plan	877	856	827
Dual CSRS	76	52	33
Social Security	1,610	1,544	1,511
Accrued Postal			
Supplemental Liability+	12	9	-
Interest expense			
on supplemental liability+	103	116	-
Amortization of deferred cost*:			
CSRS	-	-	1,393
Annuitant COLAs	-	-	879
Interest expense			
on deferred liabilities	-	-	1,601
Total retirement expense	<u>\$6,574</u>	<u>\$5,877</u>	<u>\$9,105</u>

\* Eliminated by P.L. 108-18

+ Required by P.L. 108-18

Employer cash contributions to retirement plans were \$4,827 million in 2004, \$4,031 million in 2003 and \$6,013 million in 2002. These amounts do not include Social Security contributions and interest expense on deferred retirement liabilities.

### Note 7 – The Postal Civil Service Retirement System Funding Reform Act of 2003 – P.L. 108-18

On April 23, 2003, the President signed into law the Postal Civil Service Retirement System Funding Reform Act of 2003 — P.L. 108-18, which changed the way we contribute to the CSRS retirement plan. Although the law changed the funding of the plan, we determined that we are still a participant in a multi-employer pension plan. The parent-subsidiary relationship that we have as an "independent establishment" of the executive branch of the United States government allows for this accounting treatment under FAS 87. As a subsidiary we cannot direct the costs, benefits or funding requirements of the federally-sponsored plan.

We are required by P.L. 108-18 to pay an additional annual amount, if necessary, each September, beginning in 2004, as determined by OPM. The additional amount is based on a calculation of any potential "supplemental liability", if one

exists. The "supplemental liability", represents the excess of the actuarial present value of future benefits over the actuarial present value of plan assets, future contributions, earnings, and other actuarial factors related to postal participants in the CSRS plan.

During 2004, OPM estimated the present value of benefits at \$191.1 billion, contributions at \$15.9 billion, and plan assets at \$171.7 billion. This resulted in a "supplemental liability" of \$3.5 billion as of September 2003. This calculation assumed general salary increases of 4.0%, COLAs of 3.25% and interest of 6.25%, and is intended to provide for the "supplemental liability" over a 40-year period ending in September 30, 2043. Under the law OPM is not required to furnish the final actuarial calculation of the September 30, 2004, liability until June 30, 2005. OPM's calculation of the September 30, 2004, "supplemental liability" payment was \$240 million.

OPM will recalculate the "supplemental liability", if any, on an annual basis. Each September 30, we will make any required payment resulting from this calculation.

Because the law went into effect in May 2003, we estimated the portion of the amount payable on September 30, 2004, attributable to 2003 and expensed that amount in 2003. This amounted to \$125 million, of which \$116 million was included as interest expense on our 2003 income statement. The 2004 portion of the supplemental retirement obligation was \$115 million, of which \$103 million is included as interest expense.

### Note 8 – revenue forgone

Our operating revenue includes accruals for revenue forgone. Revenue is forgone when Congress mandates that we provide free mail for certain mailers. Congress appropriates money to reimburse us for the revenue that we have forgone in providing these services. We have included as operating revenue the amounts appropriated by Congress for revenue forgone of \$36 million for 2004, \$31 million for 2003 and \$48 million for 2002. Legislation enacted in 2003 and 2002 delayed payment of the amount authorized for 2004 and 2003 until the first day of 2005 and 2004, respectively. Accordingly, we have recorded these amounts as a receivable at year end.

Under the Revenue Forgone Reform Act of 1993, Congress is required to reimburse us \$29 million annually through 2035 (42 years). This reimbursement is for two purposes: services we performed in 1991, 1992 and 1993 for which we have not yet been paid; and for shortfalls in the reimbursement for the costs we incurred for processing and delivering certain nonprofit mail from 1994 through 1998.

## Notes to the financial statements

The Revenue Forgone Reform Act of 1993 authorized a total of \$1,218 million in payments. We calculated the present value of these future reimbursements, at 7% interest, to be approximately \$390 million. We recognized the \$390 million as revenue during fiscal years 1991 through 1998. The amounts receivable as of September 30, 2004 and 2003, were \$364 million and \$367 million, respectively.

### Note 9 - commitments

At September 30, 2004, we estimate our financial commitment for approved capital projects in progress to be approximately \$2,808 million.

Our total rental expense for the years ended September 30 is summarized as follows:

(Dollars in millions)	2004	2003	2002
Non-cancellable real estate leases including related taxes	\$ 896	\$ 923	\$ 894
Facilities leased from General Services Administration subject to 120-day notice of cancellation	49	53	45
Equipment and other short-term rentals	<u>213</u>	<u>201</u>	<u>214</u>
<b>Total</b>	<u><u>\$1,158</u></u>	<u><u>\$1,177</u></u>	<u><u>\$1,153</u></u>

At September 30, 2004, our future minimum lease payments for all non-cancellable leases are as follows:

Year (Dollars in millions)	Operating	Capital
2005	\$ 823	\$ 76
2006	799	76
2007	761	76
2008	712	76
2009	658	76
2010	605	76
After 2010	<u>5,283</u>	<u>472</u>
	<u>\$9,641</u>	<u>\$928</u>
Less: Interest		<u>234</u>
Total capital lease obligations		694
Less: Short-term portion of capital lease obligations		<u>42</u>
Long-term portion of capital lease obligations		<u><u>\$652</u></u>

Most of these leases contain renewal options for periods ranging from 3 to 20 years. Certain non-cancellable real estate leases give us the option to purchase the facilities at prices specified in the leases.

Capital leases included in buildings were \$847 million in 2004 and \$963 million in 2003. Total accumulated amortization is \$259 million in 2004 and \$259 million in 2003. Amortization expense for assets recorded under capital leases is included in depreciation expense.

### Note 10 - contingent liabilities

Each quarter we review litigation pending against us. As a result of this review, we classify and adjust our contingencies for claims that we think it is probable that we will pay and for which we can reasonably estimate the amount of the unfavorable outcome.

These claims cover labor, equal employment opportunity, environmental issues, traffic accidents, injuries on postal properties, personal claims and property damages and suits and claims arising from postal contracts. We also recognize the settlements of claims and lawsuits and revisions of other estimates. Additionally, we evaluate the materiality of cases determined to have a reasonably possible chance of adverse outcome. Such cases are immaterial to our financial statements taken as a whole.

## Notes to the financial statements

As a part of our continuing evaluation of estimates required in the preparation of management's financial statements, we recorded a \$104 million decrease in the contingent liabilities balance in 2004, compared to a decrease of \$92 million in 2003 and a \$187 million increase in 2002. We recognized settlements, payments and changes in estimates of claims and lawsuits in our changes in contingent liabilities. Management and General Counsel believe that we have made adequate provision for the probable amounts due under the suits, claims and proceedings we have discussed here.

### Note 11 - emergency preparedness funding

In FY 2002, the United States was subjected to biological terrorism, utilizing the mail as the delivery medium. In response, we implemented process changes and technology applications to reduce the risk to both our employees and our customers. The President of the United States and Congress authorized funding of \$762 million in 2002 to assist in paying for some of these safety measures, and to replace or repair postal facilities damaged or destroyed on September 11, 2001.

In 2002 and 2003, the majority of our emergency preparedness expenses were for one-time activities, such as plant decontamination. We recognized these expenses as non-operating expenses and the corresponding revenue offset as non-operating revenue. Due to the ongoing nature of the remaining expenses, such as depreciation, supplies, and maintenance, beginning in 2004 all emergency preparedness items are treated as operating expenses and the associated revenue as operating revenue.

Our emergency preparedness expenditures are not all covered by the appropriations we received. The emergency preparedness expenses and capital equipment commitments for the years ended September 30 are as follows:

(Dollars in millions)	2004	2003	2002
Operating expenses:			
Personnel costs	\$ 9	\$ 12	\$ 73
Non-Personnel Costs	<u>123</u>	<u>-</u>	<u>-</u>
Total operating expenses	132	12	73
Non-operating expenses	<u>-</u>	<u>184</u>	<u>189</u>
Total Expenses	<u>\$ 132</u>	<u>\$196</u>	<u>\$262</u>
Capital Equipment Commitments	<u>\$ 222</u>	<u>\$189</u>	<u>\$ 38</u>

As of September 30, 2004, all emergency preparedness appropriations have been fully expended or committed. We recognize these appropriations as revenue in the year in which

the related expenditure is recognized as an expense, or when the government approves the reimbursement of a previously incurred expense. The emergency preparedness appropriations revenues recognized during the years ended September 30 were \$92 million in 2004, \$177 million in 2003 and \$179 million in 2002. They are reflected in the 2004 and 2003 Statements of Cash Flows as a financing activity.

The capital funds spent in 2002 (\$38 million) were spent on irradiation equipment that did not meet our needs. With the approval of OMB, the eight machines valued at \$24 million were transferred to other government and public agencies, and the manufacturer provided us with a stronger machine at no additional cost. This new machine is valued at \$14 million and is not yet deployed.

Appropriations that had not been recognized as revenue as of September 30, 2004 and 2003, were \$314 million and \$406 million, respectively. The balance was recorded as an accrued expense until spent. Amounts spent on capital equipment are deferred as a non-current liability and amortized to offset depreciation expense of the related equipment.

INDEX OF TESTIMONIES/DOCKET NO. R2005-1

Attachment E

WITNESS	TESTIMONY	EXHIBIT TITLE	EXHIBIT NUMBER	WORKPAPERS	ATTORNEY
Mr. Potter	USPS-T-1				Michael Tidwell (202) 268-2998
Mr. Shaw	USPS-T-2				Ken Hollies (202) 268-3083
Mr. Hunter	USPS-T-3				Ken Hollies (202) 268-3083
Mr. Pafford	USPS-T-4				Ken Hollies (202) 268-3083
Mr. Harahush	USPS-T-5				Ken Hollies (202) 268-3083
Mr. Tayman	USPS-T-6	Statements of Revenue and Expense FY 2004 – Test Year After Rates	USPS-6A		Scott Reiter (202) 268-2999
		Rollforward Source of Change Summaries FY 2004 Through the Test Year After Rates	USPS-6B		
		Mail Volume, FY 2004 Through the Test Year After Rates	USPS-6C		
		Mail and Special Services Revenue, FY 2004 Through the Test Year After Rates	USPS-6D		
		Appropriation Revenue, FY 2004 Through the Test Year	USPS-6E		
		Statement of Cash Flows, FY 2004 Through the Test Year After Rates	USPS-6F		
		Interest Income, FY 2004 Through the Test Year After Rates	USPS-6G		
		Revenue Requirement, Summary Analysis of Income and Expense	USPS-6H		
		Summary of Net Income (Loss) & Equity	USPS-6I		
		Summary of Changes in Accrued Costs by Source	USPS-6J		
		Summary of Unit Labor Costs for Major Employee Groups	USPS-6K		
		Summary of Changes in	USPS-6L		

		Workyears by Source			
		Analysis of Changes in Personnel Costs	USPS-6M		
		Adjustment of Rollforward Cost for Workyear Mix and Final Adjustments	USPS-6N		
		OPM Retirement Reform and Escrow	USPS-6O		
Mr. Thress	USPS-T-7				Eric Koetting (202) 268-2992
Mr. Bernstein	USPS-T-8				Eric Koetting (202) 268-2992
Ms. Meehan	USPS-T-9	Cost Segments and Components, BY 2004	USPS-9A	Wp-A. Base Year 2004 Reports  Wp-B. Base Year 2004 Cost Segment Spreadsheets (1-20)	Brian Reimer (202) 268-3037
		Final Adjustments, BY 2004	USPS-9B		
		Cost and Revenue Analysis, DY 2004	USPS-9C		
Ms. Waterbury	USPS-T-10	Rollforward Factors	USPS-10A	<b>WP-A</b> , Fiscal Year 2005  <b>WP-B</b> , Test Year 2006 (Before Rates)  <b>WP-C</b> , Test Year 2006 (After Rates)	Brian Reimer (202) 268-3037
		Mail Volume Forecasts	USPS-10B		
		Mail Volume Forecasts	USPS-10C		
		"C" Report, Cost Segments & Components, Fiscal Year 2005	USPS-10D		
		"D" Report, Final Adjustments, Fiscal Year 2005	USPS-10E		
		"C" Report, Cost Segments & Components, Test Year 2006 Before Rates	USPS-10F		
		"D" Report, Final Adjustments, Test Year 2006 Before Rates	USPS-10G		
		"C" Report, Cost Segments & Components,	USPS-10H		

		Test Year 2006 After Rates "D" Report, Final Adjustments, Test Year 2006 After Rates	USPS-10I		
Ms. Van-Ty-Smith	USPS-T-11				Sheela Portonovo (202) 268-3012
Mr. Bozzo	USPS-T-12				Eric Koetting (202) 268-2992
Mr. Smith	USPS-T-13				Sheela Portonovo (202) 268-3012
Mr. Bradley	USPS-T-14				Richard Cooper (202) 268-2993
Mr. Stevens	USPS-T-15				Richard Cooper (202) 268-2993
Mr. Kelley	USPS-T-16				Richard Cooper (202) 268-2993
Mr. Nash	USPS-T-17				Brian Reimer (202) 268-3037
Ms. Kay	USPS-T-18			Workpapers in Support of Testimony, Volumes I and II	Eric Koetting (202) 268-2992
Mr. Miller I	USPS-T-19				Keith Weidner (202) 268-6252
Mr. Miller II	USPS-T-20				Keith Weidner (202) 268-6252
Mr. Abdirahman	USPS-T-21				Nan McKenzie (202) 268-3089
Ms. Hatcher	USPS-T-22				Nan McKenzie (202) 268-3089
Ms. Moser	USPS-T-23				David Rubin (202) 268-2986
Mr. Wesner	USPS-T-24				David Rubin (202) 268-2986
Ms. Mayes	USPS-T-25				Nan McKenzie (202) 268-3089
Mr. Cutting	USPS-T-26				Keith Weidner (202) 268-6252
Ms. Robinson	USPS-T-27	Test-Year Before Rates Financials	USPS-27A		Michael Tidwell (202) 268-2998
Ms. Robinson		Test-Year After Rates Financials	USPS-27B		
Ms. Robinson		Summary of Revenues – Interim Year	USPS-27C		
Ms. Robinson		Summary of Percentage Changes in Rates	USPS-27D		
Ms. Robinson		Revenues and Incremental Costs	USPS-27E		
		Special Services Cost Coverages and Percentage Changes	USPS-27F		
Ms. Robinson		Calculation of Within County Periodicals Markup for Section 3626	USPS-27G		
Mr. Taufique	USPS-T-28	Current and Proposed Rates and Fees, and TYBR and TYAR	USPS-28A		Michael Tidwell (202) 268-2998

		Revenues			
Mr. McCrery	USPS-T-29				Sheela Portonovo (202) 268-3012
Mr. Lewis	USPS-T-30				Richard Cooper (202) 268-2993
Mr. Bradley II	USPS-T-31				Brian Reimer (202) 268-3037
Mr. Loetscher	USPS-T-32				Brian Reimer (202) 268-3037
Mr. Alenier	USPS-T-33				Eric Koetting (202) 268-2992

## COMPLIANCE STATEMENT

As with prior rate filings, the Postal Service is submitting a detailed guide to the manner in which it has complied with the basic standards set out in the Commission's rules of practice and procedure. The statement is contained in this attachment, which is organized by each pertinent provision of Rules 53, 54 and 64. Where information required is not included in direct testimony or exhibits of the Postal Service witnesses, it is contained in this or other attachments to the Request, or has been incorporated by reference in the testimony, exhibits, foundational materials, library references, Request, or attachments, and made available to the Commission.

**RULE: 53(b – c)**

**REQUIREMENT:** This rule requires the Postal Service to provide a single piece of testimony that presents an overview of the direct case and interrelationships among other witnesses. The Postal Service shall also identify those witnesses who address changes in cost methodology, volume estimation, and rate design as compared with Commission methods in the most recent general rate proceeding.

The requirement for roadmap testimony is met by the testimony of witness Alenier, USPS-T-33. Witnesses who address actual changes in cost methodology, volume estimation and rate design since the last omnibus case are identified by the roadmap testimony, while specifics of those changes are addressed by the respective witnesses.

**RULE: 54(b) (1), (2), (4)**

**REQUIREMENTS:** These Rules require the submission of the schedule of the existing effective rates of postage and fees for all postal service and those rates and fees as proposed to be changed or adjusted. The schedule must

- specify the full rates and, where applicable, the phased rates under section 3626 of title 39 U.S.C., and any proposed adjustment to such phased rates under section 3627 of title 39 U.S.C., indicated by the circumstances known at the time of the filing;
- be presented in summary fashion and tariff-like form (e.g., there shall be a specification of those rules, regulations and practices which established conditions of mailability and standards of service);
- address such functions as mail pickup and delivery, process, and other similar functions;
- be accompanied by identification of all non postal services.

Attachment A to this Request specifies the present and proposed full rates of postage and fees for postal services, and the fees for special services.

Attachment B incorporates by references the rules, regulations, and practices that establish conditions of mailability and standards of service. The Postal Service's response to Rule 54 (b) (2) should not be construed to admit that the Commission's jurisdiction extends to any of the specified rules, regulations, or practices.

Nonpostal services are discussed later in this statement.

**RULE: 54(b)(3)**

**REQUIREMENT:** This Rule requires that the rate and fee schedules required by Rule 54(b)(1) "contain a statement identifying the degree of economic substitutability between the various classes and subclasses, e.g., a description of cross-elasticity of demand as between various classes of mail."

This requirement is satisfied basically by the testimonies of Mr. Thress and Mr. Bernstein. The nature of substitutability is also discussed in the testimony of Ms. Robinson, and in the rate design testimony of Mr. Taufique.

**RULE: 54(c)**

**REQUIREMENT:** This rule requires "an identification of the characteristics of the mailer and recipient, and a description of the contents of items mailed within the various classes and subclasses of mail and service."

The subject matter of this requirement is addressed in the testimonies of Mr. Bernstein, Mr. Thress, Ms. Robinson, and Mr. Taufique.

**RULE: 54(d)**

**REQUIREMENT:** This Rule requires "an identification of the physical attributes of the items mailed by class and subclass, including shape, weight, and distance."

This information is available in USPS-LR-K-82, *USPS Origin-Destination Information System-Revenue Pieces & Weight, Quarterly Statistics Reports, Fiscal Year 2004*. Data pertaining to weight and distance are summarized in the testimonies, exhibits and workpapers of Ms. Meehan (USPS-T-9) and Ms. Waterbury (USPS-T-10). Further information describing the various classes and subclasses of mail and special services is contained in the rate and fee design testimony of Mr. Taufique (USPS-T-28).

**RULE: 54(e)**

**REQUIREMENT:** To the extent such information is not included within material supplied under Rule 54(b)(2), this Rule requires "a summary statement describing special service arrangements provided to, or requested or required of, mailers by the Postal Service which bear upon the cost of service or the value of the mail service to both the sender and the recipient, *e.g.*, services relating to mailer preparations in excess of requirements specified by the [Domestic Mail Manual], pick-up and delivery, expedited or deferred processing, and other similar activities performed."

Domestic Mail Manual provisions are incorporated by reference in Attachment B. To the extent they might exist, other arrangements and circumstances having a bearing on the cost and value of mail service would be reflected in the testimony and workpapers of Ms. Meehan, Ms. Waterbury, and Ms. Robinson, and may be mentioned in the testimonies and workpapers of witnesses listed in Attachment E for pertinent mail categories.

**RULE: 54(f)(1)**

**REQUIREMENT:** This rule requires the Request to present "the total actual accrued costs during the most recent fiscal year for which they are reasonably available."

Mr. Tayman's testimony and exhibits present total actual accrued costs for FY 2004.

**RULE: 54(f)(2) (Basic Submissions)**

REQUIREMENT: This rule requires:

- for the year in which the filing is made (FY2005) estimates of the total actual accrued costs of the Postal Service, assuming the prefiling (existing) rates and fees;
- for the year in which the filing is made (FY2005), estimates of the total actual accrued costs of the Postal Service, assuming the proposed rates and fees;
- for a year which forms the basis for the proposed rates and fees, beginning not more than 24 months after the filing date of the Request (FY2006), estimates of the total actual accrued costs of the Postal Service, assuming the prefiling (existing) rates and fees;
- for a year which forms the basis for the proposed rates and fees (FY2006), estimates of the total actual accrued costs of the Postal Service, assuming the proposed rates and fees.

Ms. Waterbury's testimony presents FY2005 estimated total actual accrued costs assuming prefiling rates and fees ("Before-Rates"). Ms. Waterbury's testimony also presents estimated total actual accrued costs for FY 2006, the year which forms the basis for the Postal Service's proposals, assuming prefiling ("Test Year Before Rates") and proposed ("Test Year After Rates") rates and fees.

**RULE: 54(f)(2) (Methods and Procedures)**

**REQUIREMENT:** For the estimated total accrued costs specified in this provision, the rule requires an explanation of the methods and procedures used for the cost projections, including

- an explanation of the projection of total volumes;
- an explanation of the effect of the projected volume levels on estimated total costs;
- specification of the cost savings which will be realized from gains and improvements in total productivity, indicating such factors as operational and technological advances and innovations;
- identification of abnormal costs which are expected to be incurred in the test year.

The testimonies of Mr. Thress and Mr. Bernstein explain the methods and procedures by which volumes were estimated. Ms. Waterbury's testimony addresses the effect of projected volume levels on estimated costs. Mr. Tayman's testimony specifies the cost savings resulting from cost reduction programs, which are incorporated in Ms. Waterbury's roll-forward projections. The presence or absence of abnormal costs is addressed in Mr. Tayman's testimony.

**RULE: 54(f)(3)(i) and (ii) (Operating Costs)**

**REQUIREMENT:** For the basic cost submissions required in Rule 54(f)(1) and (2), this rule requires a statement and explanation of

- operating costs in detail as to their accounting and functional classifications;
- the cost amounts for depreciation on capital facilities and equipment, debt service, contingencies, and extraordinary or nonrecurring expenses.

These financial data are presented in the testimony and workpapers of Mr. Tayman.

**RULE: 54(f)(3)(iii) (Cost Assignment and Distribution)**

**REQUIREMENT:** For the basic cost submissions required in Rule 54(f)(1) and (2), this rule requires, assignment and distribution of costs to each of the functions comprising "the mail process." This presentation shall include

- an itemization of costs by the major accounts as reflected by the Service's books of accounts for all cost segments;
- an itemization of costs by functions such as collection, acceptance, general overheads, etc.;
- an assignment and distribution of the costs by account, together with related mail volumes, for each function;
- an assignment and distribution of the costs by account, together with related mail volumes, to "such subfunctions within each category for which information is available or can be developed;
- an explanation of the method by which the costs by accounts are assigned and distributed to functions.

For the development of base year cost estimates, Ms. Meehan's testimony and exhibits provide the itemization, allocation, and distribution of costs for all cost segments, and by function. The costs of particular cost segments are also addressed in the testimonies of Dr. Bozzo, Ms. Van-Ty-Smith, Dr. Bradley, Mr. Nash, Mr. Smith, Mr. Kelley, and Ms. Kay. Data pertaining to "related mail volumes" associated with subfunctions are not produced by Postal Service data systems.

**RULE: 54(g)**

**REQUIREMENT:** This rule requires historical costs for "each fiscal year since the last filing pursuant to this section" to be submitted "in a form as nearly consistent as possible with the filing under [Rule 54(f)], together with explanations of any departures from such form and the effect of such departures."

Actual accrued costs for FY 2001, FY 2002, FY 2003, and FY 2004 are presented in the Cost and Revenue Analysis (CRA) Reports on file with the Commission. Actual accrued costs for FY 2004 are also presented in the testimonies and exhibits of Mr. Tayman and Ms. Meehan, and Ms. Kay.

**RULE: 54(h)(1)**

**REQUIREMENT:** This rule requires the separation of actual and estimated total costs, for the fiscal years specified in Rule 54(f), as between postal services (including international mail) and nonpostal services. "The presentation shall show the methodology for separating postal costs as between postal services and nonpostal services, and shall be in sufficient detail to allow a determination that no nonpostal costs have been assigned or allocated to postal services."

International mail costs are separated in Ms. Meehan's (USPS-T-9), Ms. Kay's (USPS-T-18) and Ms. Waterbury's (USPS-T-10) testimony and exhibits.

Costs and revenues for several domestic services which could be considered nonpostal -- such as insurance, C.O.D., and money orders -- are contained in Ms. Meehan's, Ms. Kay's, Mr. Waterbury's, and Ms. Robinson's (USPS-T-27) testimony and exhibits.

The remaining domestic nonpostal services can be split into two groups. One group includes those nonpostal services which involve window clerk activity. Because of that, some of the costs associated with those services are derived from the Postal Service's traditional ratemaking data systems (e.g., IOCS). Other expenses associated with those programs, however, come from accounting data, with no sampling component. For the nonpostal services which involve window clerk activity, total expenses in FY04 were \$123 million, total revenues were \$239 million, and the total contribution to institutional costs was therefore \$116 million.

The other group of nonpostal services includes those services with no associated window clerk activity. For these programs, all of the reported costs are extracted from

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<sup>1</sup> The word "nonpostal" is used here in a generic rather than jurisdictional sense. Some special services (such as money orders) have nonpostal aspects.

accounting data. Overall expenses for this group were \$7 million, overall revenues were \$44 million, and overall contribution was thus \$37 million.

Across both groups of nonpostal services, aggregate expenses were \$130 million, and aggregate revenues were \$283 million. Thus, for nonpostal services as a whole (but excluding those such as C.O.D., insurance, and money orders already included in the exhibits of Ms. Meehan, etc.), the difference between costs and revenues of approximately \$153 million reduced the institutional costs borne by postal services by that amount in FY 2004.

**RULE: 54(h)(2) and (3) (Separation of costs by functions)**

**REQUIREMENT:** For the actual and estimated total costs presented for the years specified in Rule 54(f), these rules require the costs to be separated as follows:

- those direct costs which can be attributed to each class of mail or type of mail service;
- those indirect costs which can be attributed to each class of mail or type of mail service;
- any other costs of the Service which can be reasonably assigned to each class of mail or type of mail service;
- any other costs of the Postal Service which cannot be attributed or reasonably assigned.

The methodology used to derive these costs is required to be set forth in detail.

Ms. Meehan's and Ms. Kay's testimonies, exhibits, and workpapers provide the information required by this rule for FY 2004.<sup>2</sup> See also the testimonies, exhibits, and workpapers of Ms. Robinson, Ms. Kay, and Ms. Waterbury for information for FY 2004, FY 2005, and the test year.

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<sup>2</sup> The Postal Service interprets this rule in accordance with National Association of Greeting Card Publications v. United States Postal Service, 462 U.S. 810 (1983).

**RULE: 54(h)(4), (12)**

**REQUIREMENT:** This rule applies to the costs identified in Rule 54(h)(2). It requires that these costs be separately attributed to mail classes, subclasses, and special services. It also requires identification of the methodology used in attribution and an analysis of the effect of costs on the following:

- volume;
- peaking patterns;
- priority of handling;
- mailer preparations;
- quality of service;
- the physical nature of the item mailed;
- expected gains in total productivity, indicating such factors as operational and technological advances and innovations;
- any other factor affecting costs.

The data relevant to the analyses of the effect on costs of these factors must also be provided.

The methodologies employed by the Postal Service to develop direct and indirect costs are addressed in the testimonies and exhibits of Ms. Meehan, Ms. Waterbury, Ms. Kay, Dr. Bozzo, Ms. Van-Ty-Smith, Dr. Bradley, Mr. Nash, and Mr. Smith. See also the testimony of Ms. Robinson. The effect of volume on costs is also indicated by these testimonies.

Factors identified in this rule in addition to volume, which influence cost incurrence, and which are recognized in the methods of cost analysis employed by the Postal Service, include the following:

- peaking patterns;

- priority of handling;
- mailer preparations;
- quality of service;
- the physical nature of the item mailed;
- cost reduction programs.

These factors are associated with Postal Service cost attributions in the following ways:

1. The cost consequences of peaking patterns in mail processing and other relevant cost segments are reflected in the testimonies of Ms. Meehan, Ms. Waterbury, Dr. Bozzo, and Ms. Van-Ty-Smith.
2. Mail entitled to priority handling often requires manual culling or other selection methods to separate it from the general mailstream. Such selection methods consume time, and the associated labor costs are charged to the affected categories. Also, to the extent priority handling involves a commitment to supply premium cost transportation, such costs are attributed to the mail so transported.
3. Mailer preparation enables the Postal Service to avoid the incurrence of certain costs in the mail processing and transportation functions. The results obtained by the In-Office Cost System (IOCS) and the Transportation Cost System (TRACS), by sampling the types of mail handled at various stages in these functions, reflect differences in costs resulting from mailer preparation. Other estimates of cost differences resulting from mailer preparation are

provided in the testimonies of Dr. Bradley, Ms. Mayes, Mr. Miller, Ms. Moser, Mr. Abdirahman, Ms. Hatcher, Mr. Wesner, Mr. Cutting and Mr. Loetscher.

4. The cost consequences of quality of service are not isolated and quantified separately. They are, nevertheless, included to some extent in the level of costs. For example, the higher costs of air transportation are allocated to the classes and subclasses that benefit from that mode of transportation. Certain other features associated with quality of service, such as freedom from inspection, have no effect on the allocation of costs.
5. The physical nature of the item mailed affects the time consumed in processing mail, the space occupied in transportation, and the facility with which carriers can sort and deliver pieces of mail. The cost consequences of physical characteristics are not isolated and quantified separately in the allocation process, except insofar as particular characteristics are largely associated with particular categories of mail, e.g., cards. These cost consequences are, however, reflected in cost distributions. For instance, incidence of time is affected by weight-density factors, and transportation costs are influenced by weight and cube.
6. The testimony of Mr. Tayman indicates the role of cost reduction programs, including programs designed to improve productive relationships, in development of the Postal Service's overall

revenue requirement. The results of these programs are carried forward in estimates of costs for the test year and attributed to the classes and subclasses of mail in the manner indicated in Ms. Waterbury's and Ms. Kay's testimonies.

**RULE: 54(h)(5) - (h)(10)** ("Roll-Forward" model)

**REQUIREMENT:** These provisions generally specify particular items which must be included in the presentation of the process by which base year costs are rolled-forward to test-year costs, such as listings of the forecasting factors, piggyback factors, interim period workpapers, and an overall summary cost table. Rules 54(h)(6) and (7) require an explanation of the attributable cost final adjustments and the "other services" adjustments.

The items required by this rule are found in the testimony, exhibits, and workpapers of Ms. Waterbury, Mr. Smith, Ms. Moser, and Ms. Kay.

**RULE: 54(h)(11) (Nonattributed costs)**

**REQUIREMENT:** This rule applies to costs that are identified as "nonattributed or unassigned" pursuant to Rule 54(h)(2). It requires an explanation as to why such costs cannot be attributed or assigned. It further requires the identification, to the extent possible, of all such costs which benefit more than one class of mail or type of service (but not all classes or types), together with the mail classes or types of services so benefited.

Ultimately, all postal costs are either attributed or assigned. The following table identifies institutional costs which benefit more than one, but not all, classes or types of service, in accordance with the following standard: given the permissible shape, weight, method of postage payment, and other characteristics of a type of mail, would pieces of that type of mail likely appear in the operations encompassed by the cost element? If yes, the mail is "benefited."

As a practical matter, nearly all classes and services benefit to some degree from the various institutional costs. In the strict sense, therefore, there are few truly restricted institutional costs in the postal system. For example, Periodicals and Standard Regular mail are not listed as benefiting from clerk window service activities. Yet, these classes are handled by window service clerks at smaller offices. At larger offices, window service clerks may be responsible for accepting fees and trust fund payments relating to Periodicals and Standard Regular mail. Window service activities also include the sale of precanceled stamps, setting of postage meters for use on Standard Regular mail, and general delivery service for all types of mail. Consequently, the fact that a class is not listed as benefiting from a particular cost does not mean that the class is not handled at all in activities for which the particular cost is incurred.

Conversely, the fact that a class is listed as benefiting from a particular cost activity does not mean that a substantial portion of the class benefits, but only that given the characteristics of that class, some pieces of that class will of **necessity** require handlings contained within that cost component.

INSTITUTIONAL COSTS THAT BENEFIT MORE THAN  
ONE TYPE OF MAIL BUT NOT ALL TYPES

<u>Type of Cost</u>	<u>Types Primarily Benefited</u>
Segments 2 and 3: Clerks-Window Service plus related supervision, primarily the institutional portion of stamps, and Express Mail.	First-Class Mail, Priority mail, Standard single piece, zone-rated parcels, non-presorted Media Mail, cards and meters rate, library rate,
Segments 6 and 7: City carriers-institutional portion of collection plus related supervision	First-Class Mail, Priority mail, Standard single piece, zone-rated parcels, non-presorted Media Mail, library rate, and Express Mail.
City carriers-institutional portion of parcel delivery plus related supervision	Package Services, free mail for the blind and handicapped, Priority Mail, Express Mail, First-Class Mail. Standard

**RULE: 54(i)**

**REQUIREMENT:** This rule requires a statement of the criteria employed by the Postal Service in construction of the proposed rate schedule. The statement must include:

- the identification of the relationship between the revenues derived from the rates and fees for a particular class and subclass of mail or service and the costs attributed and assigned to that class or subclass of service;
- the identification of the procedures and methods used to apportion (to postal services) that part of the total revenue requirement, which is in excess of costs attributed;
- such other studies, information and data relevant to the criteria established by section 3622 of title 39, U.S.C., with appropriate explanations as will assist the Commission in determining whether or not the proposed rates or fees are in accordance with such criteria.

The testimonies and workpapers of Ms. Robinson and Mr. Taufique respond to this rule.

**RULE: 54(j)(1), (2), (3), and (4)**

**REQUIREMENT:** These rules require specification of revenues for certain fiscal years, including the test year. Revenues must be submitted for

- FY 2004, assuming prefiling (existing) rates and fees;
- test year (FY 2006), assuming prefiling (existing) rates and fees;
- test year (FY 2006), assuming proposed rates and fees.

The actual and estimated revenues for these years must be shown in total and separately for each class and subclass of mail and postal service and for all other sources from which the Postal Service collects revenues.

Each revenue presentation must be supported by identification of the methods and procedures employed.

Revenues for FY 2004 are provided by Ms. Meehan. Revenues for the test year are provided by Ms. Robinson. These revenue estimates relate to volume and revenues per piece which are presented in the testimony of Mr. Taufique.

FY 2005 revenues at suggested rates and fees are not provided.

**RULE: 54(j)(5) (volume estimates)**

**REQUIREMENT:** This rule requires that the Postal Service present for each class and subclass of mail and special service

- for each postal quarter beginning with the first quarter of the most recent complete fiscal year and ending one year beyond the last quarter of the test year, actual or estimated mail volumes at the prefiled (existing) rates and fees;
- for each postal quarter beginning with the quarter in which the rates are assumed to become effective and ending one year beyond the last quarter of the test year, the estimated volume of mail assuming the effectiveness of the proposed rates.

Volumes for FY2004 are presented in Ms. Meehan's (USPS-T-9) exhibits.

Volumes for FY 2005 through the test year (FY2006) are provided in the testimonies of Mr. Thress (USPS-T-7) and Mr. Bernstein (USPS-T-8). For purposes of this rule, the Postal Service's forecasts of volumes through FY 2007 are shown in Attachment A to USPS-T-7.

**RULE: 54(j)(5), (6), (7) (Demand study -- methodology and documentation)**

**REQUIREMENT:** These rules require that the volume estimates provided pursuant to Rule 54(j)(5) must be derived from an econometric demand study relating postal volumes to their economic and noneconomic determinants, including postal rates, discounts and fees, personal income, business conditions, competitive and complementary postal services, competitive and complementary nonpostal activities, population, trend, seasonal patterns and other factors. The study must be furnished with the request, and any departure from the assumptions and specifications in the demand study made in estimating volumes of any class or subclass of mail must be explained.

For volume and revenue estimates, and subject to Rule 54(a)(2), the Postal Service must provide:

- a detailed explanation of the methodology employed to forecast volumes for each class and subclass of mail and postal service. Representative derivations of these forecasts from the econometric demand study must be presented in detail for two major mail classes, showing each intermediate value or factor employed. For remaining classes and subclasses of mail, such derivations may be summarized, except where their derivations depart from the representative methods presented;
- a detailed explanation of the methodology employed to forecast changes in revenues for each class and subclass of mail and postal service resulting from changes in rates and fees;
- a computer implementation of the methodology employed to forecast volumes and revenues for each class and subclass of mail and postal service. The computer implementation must comply with Rule 31(k)(3), and must be able to compute forecasts of volumes and revenues compatible with those specified in Rules 54(j)(2), (3), and (5) for
  - o any set of rates and fees within a reasonable range of the prefiled (existing) and the proposed rates,
  - o any date of implementation within the range spanned by the assumed date of implementation and the start of the test year,

- o alternative forecasts of the economic determinants of postal volumes, other than postal rates and fees, and
- o alternative values of any parameters with assigned values that are based upon unverifiable judgments.

Subject to Rule 54(a)(2), the Postal Service must make available at the offices of the Commission, in a form that can be read directly by a standard digital computer, the following:

- all of the input files and programs needed to replicate the required econometric demand study;
- any input files and programs employed to derive a price index for any class or subclass of mail or postal service from postal rates, discounts, and fees;
- any input files and programs used to prepare data for use in the required econometric demand study.

The material required by this rule is provided in the testimonies of Mr. Bernstein and Mr. Thress, and related library references.

**RULE: 54(k)**

**REQUIREMENT:** This rule covers basic financial statement information. It requires the submission, for FY 2002 and FY 2003 (the two fiscal years immediately preceding the year in which the request is filed), the Balance Sheet, the Statement of Income and Expense, basic statistical information, and the Statement of Income and Expense by budget category. The request must include data with respect to the following:

- Balance Sheet and a supporting schedule for each item appearing thereon;
- Statement of Income and Expense and a supporting schedule for each item appearing thereon;
- as appropriate, statistical data with respect to revenue, pieces (by physical attributes, showing separately amounts of mail identified as stamped, metered, and imprinted, or other), weight, distance, postal employees (number, total payroll, productivity, etc.), postal space, post offices (numbers, classes, etc.), and any other pertinent factors which have been utilized in the development of the proposed rate schedule;
- Statement of Income and Expense by cost segment.

A reconciliation of the budgetary information with actual accrued costs must be provided for the most recent fiscal year.

If the fiscal information for FY 2000 (the immediately preceding fiscal year) is not fully available, a preliminary or pro forma submittal must be made, and upon final completion an updated report must be filed.

The data called for by this rule are presented primarily in Mr. Tayman's exhibits, which include a Balance Sheet and related schedule.

Other data for revenue, pieces, weight, and distance are shown in exhibits to Ms. Meehan's testimony, and in material supported by Mr. Loetscher's testimony.

Information concerning postal employees (number, total payroll, productivity) is included in Mr. Tayman's workpapers.

Ms. Robinson's testimony and workpapers furnish other "statistical data" referred to by this rule.

**RULE: 54(I)(1)**

**REQUIREMENT:** This rule requires a statement (which can be in workpaper form) indicating for each class and subclass of mail and postal service the relevant billing determinants (e.g., the volume of mail related to each rate element in determining revenues) separately for the current rates and the proposed rates. Proposed changes in rate design and the related adjustments should be explained in detail.

The information required by this rule is found generally in the materials provided by Ms. Robinson and Mr. Taufique.

**RULE: 54(I)(2)**

**REQUIREMENT:** This rule requires, subject to subsection (a)(2), the base year volume of third-class bulk mail by ounce increment for each shape (letter-size, flat, irregular parcels, and parcels), submitted separately for regular and preferred, by presort level.

See Library Reference USPS-LR-K-87.

**RULE: 54(m)**

**REQUIREMENT:** This rule requires a statement, which can be in workpaper form, presenting detailed calculations of continuing appropriations according to 39 U.S.C. §2401(c) and phasing appropriations under 39 U.S.C. §3626 and any proposed adjustment to such phased rates under 39 U.S.C. §3627 indicated by circumstances known at the time of the filing. Calculation of all the phased rates for the entire applicable phasing period should be explained in detail.

The workpapers of Ms. Robinson and Mr. Taufique reflect preferred rate calculations, and incorporate issues related to phasing of rates. See also Attachment A.

There are no phased domestic rates.

**RULE: 54(n)**

**REQUIREMENT:** This rule requires identification of any performance goals which have been established for the classes and subclasses of mail. The Request must identify the achieved levels of service for those classes and subclasses of mail and mail services for which performance goals have been set.

The currently effective service standards for mail are shown below.

**UNITED STATES POSTAL SERVICE  
SERVICE STANDARDS**  
(ZIP Coded mail only)

Mail Class	Ove r- nigh t	2 <sup>nd</sup> Day	3 <sup>rd</sup> Day	4 <sup>th</sup> Day	5 <sup>th</sup> Day	6 <sup>th</sup> Day	7 <sup>th</sup> Day	8 <sup>th</sup> Day	9 <sup>th</sup> Day	10 <sup>th</sup> Day	Notes
Express Mail											Directories available at local post offices
Priority Mail											Primarily a 2-day product
First-Class Mail											13 ounces or less
Periodicals											Surface preferential
Standard B											See local BMC Manager for Parcel Post standards
Standard A											Mail entered at Destination P&DC has a 2&3 day standard

Achieved levels of performance are shown in the Origin-Destination Information System (ODIS) Quarterly Statistics Reports, filed at the Postal Rate Commission quarterly by

the Postal Service. Copies of the quarterly reports for FY 2004 are filed in this proceeding as USPS Library Reference K-82.

**RULE: 54(o)**

**REQUIREMENT:** This rule requires the Postal Service to file workpapers providing detailed descriptions and explanations related to the submissions supporting its Request and proposals.

The required workpapers are supplied with the testimonies of the Postal Service's witnesses.

**RULE: 54(p)**

**REQUIREMENT:** This rule requires one or more certifications stating that the cost statements and supporting data submitted as part of the formal request, as well as the accompanying workpapers, which purport to reflect the books of the Postal Service, accurately set forth the results shown by such books. The required certification must be signed by one or more representatives of the Postal Service authorized to make such certification.

The required certification is submitted as Attachment C to this Request.

**RULE: 54(q)**

REQUIREMENT: This rule requires an opinion from an independent public accountant to the extent and as required by 39 U.S.C. § 2008(e).

An opinion by the independent accounting firm of Ernst & Young covering Fiscal Years 2003 and 2004 is submitted as Attachment D.

**Rule: 64(b)**

REQUIREMENT: This rule requires for every classification change proposed

- a statement of the present and proposed classification schedule provisions;
- a specification of the rules, regulations, and practices which establish the conditions of mailability and the standards of service;
- a statement identifying the degree of economic substitutability between the various classes and subclasses;
- an identification of nonpostal services.

1. Present and Proposed Classification Schedule Provisions

The classification provisions are contained in the DMCS. The Postal Service has not proposed any changes in the classifications of mail or special services or the DMCS in this proceeding.

2. Rules, Regulations and Practices

A specification of the rules, regulations, and practices which establish conditions of mailability and the standards of service is found in Attachment B. The Postal Service has not proposed any changes in the classifications of mail, special services or the DMCS in this proceeding.

3. Degree of Economic Substitutability and Identification of Nonpostal Services

The degree of substitutability is addressed and discussed in the testimonies of Ms. Robinson, Mr. Taufique, Mr. Thress, and Mr. Bernstein.

Nonpostal services are identified in the discussion of Rule 54, which is incorporated here by reference.

**Rule: 64(c)**

**REQUIREMENT:** This rule requires information on mail characteristics concerning the nature of the items and the methods of mailing, characteristics of the mailer, recipient, and contents of items mailed, physical attributes of the mail, and applicable special service arrangements.

Discussions of the mailers and recipients of mail, the contents of mail, and methods of mailing are contained in the testimonies Ms. Robinson and Mr. Taufique. Physical attributes of mail are addressed in the response to Rule 54(d), incorporated here by reference. Special service arrangements are addressed in sections of this statement responding to Rule 54(b)(2) and Rule 54(e), incorporated here by reference.

**Rule: 64(d), (e)**

REQUIREMENT: This rule requires that effects of the changes on cost assignments, total cost assignments, total costs and total revenues be provided, on a before and after rates basis.

The Postal Service has not proposed any changes in the classifications of mail or special services or the DMCS in this proceeding.

**Rule: 64(f)**

REQUIREMENT: This rule requires a complete statement of the reasons and bases for the proposed changes.

The Postal Service has not proposed any changes in the classifications of mail or special services or the DMCS in this proceeding.

**Rule: 64(h)**

REQUIREMENT: This rule provides that the requirements of Rule 54 apply in certain cases involving classification changes having rates, fee, or total cost change implications.

The Postal Service has not proposed any changes in the classifications of mail or special services or the DMCS in this proceeding.