

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

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

Docket No. R2005-1

NOTICE OF THE UNITED STATES POSTAL SERVICE
OF DECISION OF THE GOVERNORS
(November 15, 2005)

The United States Postal Service hereby provides notice of the attached
Decision of the Governors in Docket No. R2005-1:

**Decision of the Governors of the United States Postal Service on the
Opinion and Recommended Decision of the Postal Rate Commission
on Changes in Postal Rates and Fees Pursuant to Public Law 108-18,
Docket No. R2005-1 (November 14, 2005).**

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE
OPINION AND RECOMMENDED DECISION OF THE POSTAL RATE COMMISSION ON
CHANGES IN POSTAL RATES AND FEES PURSUANT TO PUBLIC LAW 108-18,
DOCKET NO. R2005-1**

November 14, 2005

On November 1, 2005, the Postal Rate Commission issued its Recommended Decision in Docket No. R2005-1. The Postal Service initiated this proceeding on April 8, 2005, to request recommendations on general changes in postal rates and fees. The Commission's Recommended Decision comes less than seven months after the Postal Service's Request. We commend the Commission for its efficient conduct of the proceedings and its timely recommendations, consistent with the financial policy goals embodied in the Postal Service's proposals.

The Recommended Decision follows closely a Stipulation and Agreement signed by the substantial majority of the participants.¹ This settlement shortened the usual litigation period for an omnibus rate case and allows the new rates and fees to become effective on January 8, 2006.² Timely implementation should give the Postal Service the ability to raise sufficient revenue to meet its obligation to place approximately \$3.1 billion in escrow in Fiscal Year 2006, pursuant to Public Law (PL) 108-18.

The Governors have concluded that the Commission's recommendations are supported by substantial evidence of record, will help maintain fair and equitable postal rates and fees, and are in accord with the policies of the Postal Reorganization Act. As provided under 39 U.S.C. § 3625(c)(2), we approve the Recommended Decision. By resolution, the Board of Governors has today set January 8, 2006, as the effective date of all the changes in rates and fees.

¹ Of participants in the case, 35 signed the stipulation and agreement, 5 did not actively oppose it, 2 had only fairly narrow opposition, and just 2 participants, Valpak and the Office of the Consumer Advocate (OCA), broadly opposed it.

² The Commission's Opinion summarizes the events that led to this unique omnibus rate proceeding and describes the procedural history. PRC Op. R2005-1, at 3-7.

STATEMENT OF EXPLANATION AND JUSTIFICATION

PUBLIC LAW 108-18

As the Commission has noted, Docket No. R2005-1 presented the first instance in which the Postal Service's proposals to raise rates and fees in an omnibus rate case were based on a single, statutory financial obligation. In PL 108-18, Congress amended the Postal Service's responsibilities under the federal Civil Service Retirement System (CSRS).³ Congress concluded that, under previously-applied mechanisms for determining the Postal Service's liability, future payments to the Civil Service Retirement and Disability Fund would result in substantial over-funding of the system. PL 108-18 reduced future obligations and determined that the difference between the Postal Service's liability under the previous approach, and the liability under PL 108-18 (the "savings"), would be applied to reduce debt and maintain rate stability in FY 2003, FY 2004 and FY 2005. It directed the Postal Service to place the savings in escrow, beginning in FY 2006. Although the escrow funds were to be classified as operating expenses, the Postal Service was not authorized to apply them to any financial or operational use in maintaining the national postal system.

In these circumstances, the Board of Governors determined that the soundest means to meet the \$3.1 billion escrow requirement would be through moderate rate and fee increases, rather than through borrowing or some other source of funding. As the Postmaster General testified:

The Postal Service's decision to seek changes in postal rates and fees at this time represents a policy judgment about the most reasonable, practical, and effective way to meet a currently unavoidable financial obligation in Fiscal Year 2006. Otherwise, the Postal Service would not have filed this request now. Instead, in all likelihood, we would now be preparing to file in the future a more traditional omnibus filing.⁴

Furthermore, this policy context shaped the choice of rate adjustments proposed to meet the financial objective. Given the timing of the Postal Service's request, and in light of the prospect of lengthy and complicated litigation typically encountered in conventional rate cases, the Postal Service proposed a simple, 5.4 percent across-the-board adjustment of existing rates and fees based on the relatively moderate goal of producing revenues sufficient to meet the lion's share

³ See Direct Testimony of William P. Tayman, USPS-T-6, Docket No. R2005-1, at 9-12.

⁴ Direct Testimony of John E. Potter, USPS-T-1, Docket No. R2005-1, at 2.

of the escrow obligation in FY 2006. The limited, even-handed nature of the proposal was calculated to promote settlement among the normally contentious participants in an omnibus rate case, and to foster expedition, so that rate increases could be implemented in early January 2006, in time to fulfill the FY 2006 escrow funding obligation.

In its Recommended Decision, the Commission affirmed the two main elements of this approach. First, it found that the escrow obligation alone could serve as the basis for the Postal Service's rate request. In this regard, it specifically rejected the technical argument of Valpak, one of the two participants to oppose the settlement on general grounds.⁵ Valpak argued that, given the non-specific nature of "deficits" in postal ratemaking, the escrow alone could not justify the proposed increases, since there was no causal link between PL 108-18 and the revenue need giving rise to the Postal Service's request to increase rates and fees across-the-board. The Commission found otherwise. We agree with its sensible conclusion that "Valpak does not convincingly sever the nexus between the specific statutory obligation imposed on the Postal Service and the limited rate request it filed." PRC Op. R2005-1, at 85-86. Rather, on the record established by the Postal Service's testimony, the Commission found that the Postal Service had justified its approach as a legitimate policy choice to fund the escrow. *Id.* at 34-35, 82-83, 86. The Commission further concluded that neither the Postal Reorganization Act (Act), nor PL 108-18, restricted the Postal Service from basing its rate and fee proposals on this specific legislative obligation. *Id.* We agree.

Second, the Commission reasoned that the context and circumstances surrounding the Postal Service's request, as well as the responses of the participants in the settlement effort, fully justified its across-the-board increase proposal. In addition to the uniqueness of the escrow obligation created by PL 108-18, the Commission found that the near-unanimous concurrence of participants in the settlement agreement, and the probability that the rates proposed would be relatively short in duration, support the appropriateness of the moderate, across-the-board adjustments. *Id.*, at 84-92. The Commission also concluded that the pricing approach adopted and the rate levels proposed in the settlement agreement are consistent with the policies of the Act, and particularly the specific ratemaking criteria in 39 U.S.C. § 3622(b). *Id.*, at 93-96.

⁵ Valpak Dealers' Association, Inc. and Valpak Direct Marketing Systems, Inc. are here collectively referred to as Valpak. The other participant to generally oppose was the Commission's Office of the Consumer Advocate (OCA).

We find that the Commission's evaluation of the Postal Service's proposals and the settlement agreement in this case strikes the appropriate balance between its responsibilities to recommend rate and fee changes and the Postal Service's prerogatives to determine postal financial and operational policy within the context presented by PL 108-18. In this regard, we note that, in its Opinion, the Commission succinctly identified the demarcation between our respective roles in the statutory scheme.⁶ It stated:

Absent suggestions of impropriety, the Commission's review of the Postal Service's revenue needs does not extend to the options it has chosen in the course of managing its finances. Having established that the FY 2006 escrow obligation is appropriate for recovery under § 3621, the Commission's inquiry is at an end.

Id., at 35.

The Postal Service initiated its Request for rate and fee adjustments as a policy choice to fund the escrow after determining that increases would be in the public interest and in accordance with the policies of the Act. 39 U.S.C. § 3622(a). The Postal Service determined that moderate, across-the-board increases best fit its policy objective, particularly in light of the timing of the escrow obligation, the other available options for funding it, and the circumstances favoring settlement. All of these elements were explained and justified on the record in the Postal Service's testimony. The Commission, in turn, confirmed that this policy choice was consistent with the policies of the Act. As Governors acting under our authority in 39 U.S.C. § 3625, we conclude that the Commission's recommendations were adequately supported on the record and were themselves consistent with statutory requirements and policies. In so doing, we affirm both the Postal Service's policy decisions and the Commission's evaluation.

THE SETTLEMENT

Docket No. R2005-1 marks the second consecutive rate case in which a near-unanimous settlement agreement substantially influenced the Commission's Recommended Decision. In

⁶ See *Governors of the United States Postal Service v. Postal Rate Commission*, 654 F.2d 108 (D.C. Cir. 1981); *Newsweek, Inc. v. United States Postal Service*, 663 F.2d 1186 (2d Cir. 1981), *aff'd sub nom*, *National Association of Greeting Card Publishers v. United States Postal Service*, 462 U.S. 810 (1983).

Docket No. R2001-1, the Commission approved a Stipulation and Agreement proposing rate, fee, and classification changes negotiated among virtually all of the participants in that proceeding, with only one party opposing. In the instant proceeding, 35 of the 45 participants signed a Stipulation and Agreement that essentially adopted the Postal Service's 5.4 percent, across-the-board rate and fee increase proposals. Only two participants opposed generally.⁷ The Commission largely followed the proposals in the Stipulation and Agreement, with limited exceptions related to the Commission's interpretation of statutory requirements affecting the rates for Within-County Periodicals, Media and Library Mail, Nonprofit Regular and Enhanced Carrier Route (ECR) Standard Mail, and Registered Mail. *Id.*, at 97-103.

The Commission's consideration of the settlement focused heavily on the parallels created by its only previous approval of a Stipulation and Agreement in an omnibus rate case, Docket No. R2001-1. The Commission meticulously reviewed both the similarities and differences between that proceeding and Docket No. R2005-1. *Id.*, at 11-21. Like most participants, including the Postal Service, it noted that the extraordinary circumstances following September 11, 2001, that supported adoption of the settlement agreement in Docket No. R2001-1 were absent in Docket No. R2005-1. Nevertheless, the Commission found other conditions that favored the Postal Service's approach and justified acceptance of the settlement agreement. This analysis included the consideration of factors in addition to those specifically enumerated in the Act (39 U.S.C. § 3622(b)(9)) to justify the Postal Service's distinctive approach to pricing. As in Docket No. R2001-1, furthermore, because the settlement in Docket R2005-1 was opposed, the Commission considered it as a proposal on the merits to be evaluated under both legal and technical standards.⁸

We have reviewed the Commission's analysis of the settlement, and we conclude that the Commission has faithfully applied the standards it outlined and has reasonably concluded that, except for the specific departures from the settlement rates based on the Commission's interpretation of specific statutory requirements, the rates incorporated in the Stipulation and

⁷ Only Valpak opposed the across-the-board nature of the pricing proposals. The OCA opposed the revenue requirement on legal grounds. Two individual participants opposed fees related to two specific special services.

⁸ See *id.*, at 15-21. The Commission's approach to settlements generally, as well as its interpretation of its responsibilities to consider settlements under statutory law and established judicial precedents, are outlined in the Postal Service's Initial Brief. See Postal Service Brief at II-4-II-12.

Agreement are reasonable and consistent with the policies of the Act. In particular, the Commission has concluded that the Postal Service's policy decision to fund the escrow requirement under PL 108-18 provides an acceptable measure of the Postal Service's revenue needs justifying its rate and fee proposals. As noted above, we agree with that conclusion. The Commission has also determined that the recommended rates and fees would recover those costs attributed to each class, subclass, and special service. In this regard, as we discuss below, we agree with the Commission's incorporation of methodological improvements in the analysis of city carrier costs introduced in Docket No. R2005-1.

We note that the level of support for the settlement agreement in Docket No. R2005-1 was particularly persuasive to the Commission in concluding that the policy foundation and pricing approach proposed by the Postal Service justify its across-the-board rate and fee increase proposals. The Commission repeatedly referred to the settlement's status as adhered to or unopposed by virtually all participants. It, furthermore, singled out this level of support as one of the key distinctions of the settlement effort in Docket No. R2005-1, contrasted with the settlement attempts in previous omnibus rate cases, including Docket No. R94-1, when the Postal Service also proposed an across-the-board pricing approach for policy objectives. *Id.*, at 89-92. In the Commission's view, the strong interest in settlement in Docket No. R2005-1 revolved around the business interests of rate payers, as well as current economic conditions, the Postal Service's recent financial and operational performance, and the Postal Service's specific rate proposals. The Commission stated:

Two factors appear to have coalesced, boosting the prospect of settlement. First, in various public forums, representations of major mailing interests have endorsed the concept of more frequent but smaller rate increases in lieu of fewer but larger ones. See, e.g., Ratemaking Summit Comments, Tr. 1/15, 19, 24-25, 36-37, and 44-45, May 28, 2002. This proceeding dovetails with that notion since the proposed rate increase can be fairly described as relatively modest. The proposed 5.4 percent proposed increase is lower than the cumulative rate of inflation since the current rates became effective in 2002, not only underscoring the limited basis of this request, but also serving as testimony to the Postal Service's cost cutting efforts and improved productivity.

PRC Op. R2005-1, at 87. We agree with this observation, as well as with the sentiments it identifies.

Contrary to the arguments advanced by Valpak, we also believe that reliance on settlement in a general rate case is both appropriate and helpful. In this case, we agree with the Commission

that the settlement objective was an acceptable basis justifying the across-the-board approach, in light of the practical circumstances surrounding the Postal Service's revenue need, including the effect of lengthy litigation had there not been a settlement. We also agree with the Commission's finding that the consensus embodied in the settlement provides proof of the consistency of the proposals with statutory policies. The Commission stated:

The widespread support (as well as the lack of opposition) from participants with diverse, and often competing, interests is tangible proof that they consider the rates and fees produced under the across-the-board pricing approach to be fair and equitable in the context of this proceeding. See, e.g., Periodicals Coalition Brief at 14; DMA Brief at 11-13; Pitney Bowes Brief at 2-3; and MMA Brief at 7. While this does not obviate the need for the Commission to assess the merits of the settlement independently, this broadly supported agreement provides an independent "marketplace" assessment of the reasonableness of the proposed rates and thus affects the Commission's consideration of the proposal in terms of the policies and pricing factors of the Act.

PRC Op. R2005-1, at 88. See also, 89-92..

Our authority under the Act to approve the Commission's recommendations entitles us to rely on its findings and reasoning, as well as the entire record before us and the Commission. Apart from the Commission's analysis, we find that the results in this proceeding are also supported by the stipulations embodied in the settlement agreement. The agreement adopts the record filed by the Postal Service as providing substantial evidence for establishing the rate and fees embodied in the settlement agreement. While we agree that the Commission's findings were reasonable, we have concluded that the record created by the Postal Service's filing and subsequent proceedings, as incorporated in the settlement agreement, provides an alternative basis for concluding that the rate and fee changes are supported by substantial evidence and comply with applicable legal standards.⁹

Finally, with regard to the OCA's and Valpak's challenges to the settlement, the Commission has assessed the settlement agreement as a proposal on the merits, in light of the conflicting factual presentations on the record before the Commission and the parties. As explained below, we agree that the Commission has appropriately taken into account the relevant considerations in reviewing OCA's and Valpak's positions. We also agree with its conclusions

⁹ The Postal Service's Brief and Reply Brief to the Commission provide extensive citations to the evidentiary record and argument supporting the settlement results.

that the settlement agreement meets applicable legal standards and ratemaking principles, that it is consistent with Commission precedent, and that it is justified by current circumstances.

REVENUE REQUIREMENT

Recognizing the “unique legislative strictures” imposed by PL 108-18, the Commission found that it was appropriate for the Postal Service to request, and for the Commission to recognize, the \$3.1 billion escrow requirement amount as the incremental revenue need of the Postal Service in this case, rather than the lesser test year deficit estimated in the Postal Service’s testimony. We agree that this was appropriate in these circumstances, as consistent both with statutory requirements and the Commission’s longstanding “policy of taking Postal Service financial obligations specifically imposed by legislation into account in the ratemaking process.” PRC Op. R2005-1, at 34.

Having made that determination, the Commission then had the occasion to consider, for the first time in postal ratemaking under the Postal Reorganization Act, how the favorable circumstance of the existence of accumulated net income—positive equity or retained earnings—affects the Postal Service’s need for revenue. The Postal Service’s testimony filed initially with its Request indicated that the Postal Service projected a cumulative net income of \$2.6 billion as of the end of FY 2005.¹⁰ Valpak and the OCA argued that Congress did not intend the Postal Service to retain earnings, and therefore the revenue requirement should be offset by all or part of this amount. The Postal Service took the position that “the amount of cumulative net income that is prudently maintained by a \$73 billion organization ... is a matter of financial policy, which is left to postal management and the Governors to determine.” It based this argument on the authority of the Board of Governors under 39 U.S.C. § 3622 to time the filing of rate requests, read together with the § 3621 goal of long-term financial self-sufficiency, and on several other provisions of the Act, such as the authorization in § 2003(c) to invest “money ... in excess of current needs.” In considering these arguments, the Commission stated that it “does not dispute the Postal Service’s authority ... to accumulate net income as a reasonable tool for its financial and operational management.” *Id.*, at 29. We find that the Postal Service’s arguments are correct and that the Commission’s analysis is sound; the Act anticipates the possibility of

¹⁰ It is our current understanding that, when reported, the actual net income amount at the end of FY 2005 will be less than \$2.6 billion.

retention of cumulative net income for the prudent, business-like management of the Postal Service.¹¹

Nevertheless, according to the Commission, “this authority does not necessarily compel a conclusion that the amount of such retained surpluses, and its implications regarding revenue sufficiency for ratemaking purposes, are excluded from review by the Commission in the exercise of its assigned functions” *Id.* The Commission did not specify what these implications might be, given the lack of record evidence on this subject.

Notwithstanding the favorable recommendation in this case, we note that in the past we have disagreed with the Commission over the proper scope of its oversight of those elements of the revenue requirement that reflect policy determinations by the Board of Governors. Generally, we believe that our views have been sustained through the proper exercise of our statutory authority under 39 U.S.C. § 3525, and through judicial interpretation of the Act.¹² In this case, we believe that the Commission has acted within its authority and has given appropriate weight to the Postal Service’s policy choices in evaluating the settlement proposals. In this regard, as noted above, we believe that the Commission in this case has drawn the appropriate line in demarcating the Postal Service’s and the Commission’s respective roles. PRC Op. R2005-1, at 35. If, however, the issue of the proper treatment of cumulative net income arises in future consideration of the Postal Service’s revenue requirement in a rate case, we trust that the Commission will afford an opportunity for further discussion, if it is inclined to act in a way that affects the Postal Service’s assessment of its revenue needs or its financial policies.

In light of the record before it, particularly the testimony of the Postmaster General, the Commission determined not to make any adjustments in the revenue requirement to reflect the existence of positive equity, as the OCA and Valpak had argued. *Id.*, at 30. Rather, the Commission accepted the Postal Service’s argument, based in part on the testimony of the Postmaster General, that the Board’s decision to file this case to recover the escrow amount reflected a financial policy determination that the current amount of cumulative net income

¹¹ See the arguments and authorities discussed in the Reply Brief of the United States Postal Service, Docket No. R2005-1, at 2-31 (October 3, 2005).

¹² See, e.g., *Newsweek, Inc. v. United States Postal Service*, 663 F.2d 1186 (2d Cir. 1981), *aff’d sub nom, National Association of Greeting Card Publishers v. United States Postal Service*, 462 U.S. 810 (1983).

should be retained, and that further policy consideration of this topic would be reflected in a subsequent omnibus rate case, assuming the favorable situation continues. The Commission noted that there was no record evidence to support the treatment of cumulative net income advocated by Valpak and the OCA, and therefore made no adjustment in the revenue requirement to account for the amount of cumulative retained earnings. Rather, it indicated its anticipation of, and urged the Postal Service to formulate, specific policies addressing the effect of cumulative net income on the revenue requirement and the ratemaking process. *Id.*, at 31. We believe that such specific policies would be useful, and we intend to explore this issue with postal management in the near future in conjunction with our ongoing review of postal finances.

ARGUMENTS RAISED BY VALPAK WITNESSES

Because Valpak was the only intervenor to present testimony in opposition to the Postal Service's request, we take the opportunity to address specifically the issues raised by its witnesses. Valpak presented the testimony of witness Mitchell (VP-T-1) and witness Haldi (VP-T-2). We have considered each of them, and concur with the Commission that their testimonies do not cause us to depart from our conclusion that the recommended rates are consistent with the statutory scheme and are supported by the record.

Witness Mitchell (VP-T-1) opposes the Postal Service's across-the-board approach to rate design and pricing. He challenges the Postal Service's premise for filing the case by arguing that the escrow did not cause the test year deficit, which he attributes to operating expenses. He then concludes that an across-the-board approach is inappropriate, because it does not track the changes in costs. Witness Mitchell argues for a more conventional approach to pricing, one built primarily on costs, and specifically proposes that ECR rates remain unchanged. He also challenges the rates because they are the product of a settlement and not the product of full-scale litigation.¹³

We agree with the Commission that, contrary to the testimony of witness Mitchell, the Act is flexible enough to accommodate an across-the-board approach under these unusual circumstances. PRC Op. R2005-1, at 84-92. The Postal Service must satisfy an extraordinary

¹³ A summary of Mr. Mitchell's testimony on these points appears in Section II of the Initial Brief of Valpak Direct Marketing Systems, Inc., and Valpak Dealers' Association, Inc. (September 26, 2005).

Congressional mandate; it must generate and put into escrow approximately \$3.1 billion. The escrow obligation does not arise out of any operation of the Postal Service. The Board of Governors' decision to share the escrow burden evenly, as nearly as practicable, through an across-the-board pricing approach is reasonable and consistent with the Act.

As the Commission found, the rates are justified on the basis of substantial record evidence. *Id.*, at 93-109. The Postal Service has supported its request with the same array of financial and operational evidence that it has provided in more traditional omnibus filings. The record supports the Commission's finding that the rates comply with the pricing criteria of section 3622 (b) of the Act. In particular, the recommended rates cover the costs as required by the section 3622(b)(3) criterion.

Valpak's argument that the Postal Service should have pursued a more conventional pricing approach misapprehends the latitude that the Act provides the Postal Service. As the Commission recognized in its decision, the Board of Governors could have exercised its discretion to pursue other pricing options, but the Board decision to pursue an across-the-board approach in this case is appropriate. Moreover, nothing in the Act prohibits the Commission from recommending, with few modifications, the same rates that form both the basis of the Postal Service request and the settlement. The Commission carefully considered the proposed rates and agreed that they were consistent with the statute and supported on the record.¹⁴

We also address witness Mitchell's proposals that Standard Mail ECR rates remain unchanged, and that the letter/flat differential be increased by an unspecified amount. In addition to the shortcomings identified by the Commission (*Id.*, 94-96), his proposal to freeze Standard ECR rates is incomplete. Rate policy is a zero sum game—if Standard ECR rates are to remain unchanged, then another subclass must shoulder an even higher share of the escrow. Mr. Mitchell has failed to provide any evidence to support such a reallocation. Similarly, for the reasons identified by the Commission (*Id.*, at 132-135), compelling justification for witness Mitchell's letter/flat differential proposal is also lacking. On balance, under current

¹⁴ We note that, in its reply brief, Valpak moderated its stance on settlement from one that appeared to bar consideration of a settlement (Valpak Initial Brief, at II-14-15) to one that advocated consideration of a settlement as a "proposal on the merits." Reply Brief of Valpak, at VI-5. We find that the Commission has carefully considered the settlement rates on their merits.

circumstances, the rate design inherent in the settlement rates is in better accord with the record and the policies of the Act.

Valpak witness Haldi presented testimony (VP-T-2) addressing two aspects of the relative costs of letters and flats within ECR Saturation mail. First, he highlighted the costing issues raised by the use of Detached Address Labels (DALs), which are entered in conjunction with flat-shaped mail, but have the physical characteristics of letter-shaped mail. To the extent that much of this part of Dr. Haldi's testimony was focused simply on improving the estimate of DAL volume, we agree with the Commission that, through his efforts (and those of others), improvements were achieved. As the Postal Service in its briefs had already acknowledged would be appropriate, the Commission incorporated into its unit cost models a materially higher estimate of DAL volume than was originally relied upon by the Postal Service. PRC Op. R2005-1, at 136-37. We also agree with the Commission, however, that Dr. Haldi's other arguments about the effects of DALs on reported costs do not necessarily support his conclusions, and in any event have not been sufficiently proven or quantified to justify any cost adjustments on this record. *Id.*, at 137-38.

The second thrust of Dr. Haldi's testimony was an assertion that capacity constraints caused by flats compel the Postal Service to conduct in-office sortation of letter-shaped ECR Saturation mail that otherwise could be taken directly to the street at lower cost. In his view, this situation leads to such a distortion of the costing process that the Postal Service data systems end up reporting average costs, rather than (as intended) marginal costs. VP-T-2 at 26-57.

Three witnesses filed rebuttal testimony in response to this assertion. First, Postal Service witness Lewis offered additional operational testimony (USPS-RT-2), based on his experience as well as a field survey he conducted, indicating that, as an empirical matter, the capacity constraint hypothesized by Dr. Haldi occurs relatively rarely. Second, Professor Bradley filed testimony on behalf of the Postal Service (USPS-RT-3) explaining that, in addition to empirical difficulties, Dr. Haldi's analysis included conceptual errors, and that, in reality, the established costing systems provide appropriate results for ratemaking across the wide variety of operational environments in which the Postal Service must deliver the mail. Finally, Advo witness Crowder (Advo-RT-1) also challenged the critical assertion that it is the mere presence of flats which fundamentally determines whether letter-shaped pieces are sorted in-office or

taken directly to the street. We agree with the Commission's rejection of Dr. Haldi's proposed marginal cost adjustment, based on its finding that the current costing system is designed to reflect current operating procedures, and that empirical evidence suggests that capacity constraints are limited in nature. PRC Op. R2005-1, at 138-40.

GENERAL COSTING MATTERS

The Commission in its Opinion noted that, despite the fact that the Postal Service offered a comprehensive presentation of its attribution and distribution of postal costs to subclasses and services, no party chose to file testimony challenging that presentation. *Id.*, at 43-44. Instead, the settlement parties relied upon the limited role costing plays in the unique circumstances of an across-the-board approach of the nature proposed in the settlement and now recommended by the Commission. *Id.* Given these circumstances, the Commission was appropriately reluctant to attempt analysis of any proposed new costing methodologies on the merits. Therefore, for example, we do not question the Commission's deferral of the most recent version of the empirical analysis of mail processing costs presented by Dr. Bozzo in USPS-T-12. *Id.* at 77-78. We note, however, our continued preference for empirical examination of such issues, rather than reliance on bare assumptions. Likewise, the Commission noted that the Postal Service's efforts to develop costing methodologies to reflect changes in air transportation contract provisions could be viewed as relatively straightforward, but also felt that such efforts raised issues meriting further examination. *Id.* at 75-76. Open-minded consideration of such issues in the next case makes sense, given the streamlined nature of this case.

The Commission made an exception, however, with respect to the new proposed analysis of city carrier costs presented by a team of postal witnesses, led by Professor Bradley. USPS-T-14 (Bradley), USPS-T-15 (Stevens), USPS-T-16 (Kelley). We agree with the Commission that, given the alternative of sticking with a previous methodology that was patched together from a variety of studies conducted many years ago, reliance on the new city carrier analysis was reasonable. PRC Op. R2005-1, at 44-46. The time has clearly come to retire the old city carrier methodology. Potential refinements in the new approach can be fully litigated in future cases.

Lastly, two other costing matters were regarded by the Commission as corrections or updates, rather than proposed new methodologies. On that basis, the Commission adopted the

proposed correction in window service costing, and the proposed update to the facility space study. *Id.* at 79-80. We agree that both of those costing changes are appropriate and reasonable, as explained by the Commission.

FUTURE PROPOSALS

In its Opinion, the Commission emphasized the importance of testimony by the Postmaster General that postal management was considering, and likely would be seeking to file, a more traditional omnibus rate case in the very near future. The prospect of a new omnibus rate proceeding played a significant role in the Commission's analysis of the settlement proposals. *Id.*, at 1, 88-89. In anticipation of the following proceeding, furthermore, the Commission's Opinion indicates numerous issues and topics that warrant attention through further study and analysis, as well as proposals for change in the next rate case.¹⁵

While it is premature to announce any specific plans, we can confirm the Postal Service's testimony in Docket No. R2005-1 that preparations for the next omnibus rate case are in progress. As members of the Board, however, we cannot prejudge the decision on when the Postal Service should next seek recommendations on rate, fee, and classification changes.

¹⁵ See, e.g., *id.*, at 31 (urging the Postal Service to formulate measures appropriate for recognition of accumulated net income in rate recommendations); 46-48, 74, 78, Appendix I (requesting improvements in the estimation of carrier street time variability, and the underlying data therefore); 113 (proposing closer examination of Express Mail rate design); 115-16 (similar thoughts with regard to First-Class Mail rate design issues); 121 (requesting refinements and improved adjustments to account for Negotiated Service Agreements); 123-24 (for Priority Mail, requesting a conversion factor between weight and cubic feet to facilitate the allocation of FedEx transportation costs to weight increments, as well as more analysis with regard to balloon-rated parcels, the Local zone's share of total Local and Zones 1-3 costs, and weight-related non-transportation costs); 136-37 (for Standard Mail, requesting the collection of more detached address label information); 155-58 (for Package Services Mail, requesting a review of changes in cube-weight relationship and the nonmachinable surcharge passthrough); 160 (for Media Mail and Library Mail, requesting an exploration of fluctuations in costs over the years); 162 (strongly urging a review of Special Services in general); 178 (for Registered mail, urging the Postal Service to expeditiously undertake a comprehensive re-evaluation of processes and procedures used in providing it); 183 (asking the Postal Service to investigate and consider a proposal by an individual intervenor that Certified Mail be combined with electronic option return receipts); and 187-88 (asking the Postal Service to undertake a study of the costs for special handling fees).

Many variables, including the state of Postal Service operations and finances, as well as national economic conditions, must be evaluated before the Board can reach any determination on the timing and character of the next case. Regarding the Commission's preferences for further action, furthermore, we should caution that the Postal Service's ability to incorporate them in a future filing is heavily dependent on the amount of time available before the next case is filed. If, as many have anticipated, the filing comes relatively soon, it may not be possible to address all of the suggestions warranting the Postal Service's attention, especially at the level of detail needed for rate case proposals. To the extent practicable, we expect that postal management will take the Commission's requests into consideration and, where time and resources are sufficient, make improvements in the next filing.

We also take note of the Commission's concern that the settlements in the two most recent omnibus rate filings may have resulted in a delayed recognition of the impact of recent innovations and improvements in postal operations, which could lead to in unusually disproportionate increases and decreases in the next case. *Id.*, at 2. In that regard, we fully expect that the Postal Service's proposals, and the Commission's disposition of them, will reflect significant changes and advances that may have been subsumed in the previous two settlements. We also trust that the Postal Service's proposals, as well as the Commission's recommendations, will reflect a prudent reaction to the effects of recognizing the changes. Lastly, while we would never discourage any settlement effort where realistic and appropriate, we can speculate that the next omnibus rate proceeding is unlikely to give rise to the same degree of interest in settlement as the preceding two cases.

RATES AND FEES

As discussed below, we approve the rates and fees recommended by the Commission. Except as otherwise noted, all percentage rate increases and cost coverages discussed below are expressed in terms of Postal Service costs, as reflected primarily in revised Exhibit USPS-27B of Postal Service rate policy witness Robinson. For Commission cost coverages, which form the basis of its rate and fee recommendations that we approve, see PRC Op. R2005-1, Appendix G, Schedule One.

Express Mail

The rates requested by the Postal Service for Express Mail match those in the Stipulation and Agreement and have been recommended by the Commission. The recommended rates reflect a 5.5 percent average increase for the subclass and a cost coverage of 189 percent. We approve the recommendation.

Priority Mail

The Priority Mail rates recommended by the Commission mirror the rates contained in the Stipulation and Agreement, which are identical to the rates initially requested by the Postal Service. As recommended by the Commission, the average rate increase for Priority Mail is 5.4 percent. The one-pound rate for Priority Mail would increase from \$3.85 to \$4.05. The rate for matter sent in the Postal Service's experimental flat-rate box would increase from \$7.70 to \$8.10.¹⁶ The Priority Mail cost coverage would be 157 percent. We approve the recommended Priority Mail rate changes.

First-Class Mail

The rates requested by the Postal Service for First-Class Mail match those in the Stipulation and Agreement and have been recommended by the Commission. The average rate increase for First-Class Mail Letters and Sealed Parcels is 5.3 percent, and the average rate increase for First-Class Mail Cards is 4.9 percent. The resulting cost coverages are 230 percent and 169 percent, respectively. The first-ounce single-piece First-Class Mail letters rate would increase from 37 cents to 39 cents, while the single-piece additional ounce rate would increase from 23 cents to 24 cents. The First-Class Mail cards rate would also increase from 23 cents to 24 cents. We approve these recommendations.

Standard Mail

The Commission recommended the Postal Service's proposed rates for the Regular and Standard Enhanced Carrier Route (ECR) subclasses, except for the ECR nonletter basic piece

¹⁶ The fee schedule for Experimental Premium Forwarding Service indicates that the weekly fee consists of \$2.85 "in addition to the postage applicable to a 3-pound parcel mailed to zone 6, as stated in Rate Schedule 223 (Priority Mail)." As such, its total weekly charge increases from \$10.00 to \$10.40.

rate for pound-rate mail, which the Commission lowered to 7.1 cents, from the proposed 7.2 cents. We approve these recommendations. For commercial mailers, the Regular rate increase is 5.4 percent, and the ECR rate increase is 5.5 percent.

39 U.S.C. § 3626(a)(6)(A) provides that the rates for nonprofit subclasses should be equal, as nearly as practicable, to 60 percent of the estimated average revenue per piece to be received from the most closely corresponding commercial counterpart. We recognize that the Commission applied a strict interpretation of the 60 percent target in developing its recommended rates for the Standard Mail Nonprofit and Standard Mail Nonprofit ECR subclasses. While the Board originally endorsed a different interpretation of that section, resulting in rate proposals in the Postal Service's Request that were close to the 5.4 percent across-the-board increase, we approve the recommended rate changes for these subclasses. Under the Commission's approach, the resulting average rate increases are 3.0 percent for Standard Mail Nonprofit, and 12.3 percent for Standard Mail Nonprofit ECR. We note that the Postal Service has already endorsed the strict interpretation of section 3626(a)(6)(A) for use in future rate cases, in a September 19, 2005, letter from the Postmaster General to the Alliance of Nonprofit Mailers.

Overall, for Regular and Nonprofit Standard Mail, the cost coverage is 159 percent, and for ECR and Nonprofit ECR Mail, the cost coverage is 245 percent. We approve these recommendations.

Periodicals

The Commission recommended, without change, the set of Periodicals Outside County rates and fees contained in the settlement proposal. The Commission also recommended the settlement proposal changes for the ongoing experimental Periodicals co-palletization discounts. The average rate increase for the Outside County Periodicals rates is 5.4 percent, and the cost coverage is 109 percent.

For the Periodicals Within County subclass, title 39, section 3626(a)(3) imposes limits on the markup that do not allow a 5.4 percent increase. Instead, to comply with this statutory requirement, the Postal Service proposed a 5.4 percent *decrease*. Because of the Commission's different methodologies for estimating revenue and cost, the Commission

recommends a smaller decrease, 2.3 percent, for Within County rates. Under the Commission's costing, this results in a cost coverage that is approximately one-half that of Outside County Periodicals.¹⁷ We approve the recommendations for Periodicals.

Package Services

Parcel Post; Bound Printed Matter. The Commission recommended the proposed settlement rates for Parcel Post and Bound Printed Matter, resulting in respective average rate increases of 5.4 percent and 5.5 percent, and respective cost coverages of 122 percent and 131 percent. We approve these recommendations.

Media Mail and Library Mail: Under the Commission's costing methodologies, the proposed rates for the Media Mail and Library Mail subclasses would not generate sufficient revenue to cover costs. As a result, the Commission recommends higher rate increases of 12.7 percent for Media Mail and 12.6 percent for Library Mail. The higher rates recommended, under Commission costing, generate slightly more revenue than costs. We approve these recommendations.

Special Services

The Commission recommended the fee changes found in the settlement proposal, with the exception of Registered Mail. For Registered Mail, the Postal Service proposed fee increases of about 70 percent in order to comply with the statutory requirement that the fees generate sufficient revenue to cover costs. The Commission's costing methodologies result in significantly lower attributable costs for Registered Mail, permitting Registered Mail fees to be increased by 5.6 percent. Under the unique circumstances of this case, in which many participants have had to make accommodations in order to reach settlement, we approve the recommended fees. However, we note that the Postal Service may need to consider substantially higher fees in the next rate case, simply to cover costs under the Postal Service's costing methodologies. We approve these recommendations.

¹⁷ We note that the Commission's approach to estimating revenue for purposes of section 3626(a)(3) is a change from the approach in previous cases. In preparing the next omnibus rate case, we urge the Postal Service to review how best to estimate revenue.

ESTIMATE OF ANTICIPATED REVENUE

The Postal Reorganization Act (39 U.S.C. § 3625(e)) requires that our Decision include an estimate of anticipated revenue. Since we are approving the rates and fees recommended by the Commission, we rely on the revenue estimates provided by the Commission. The Commission calculates that its recommended rates and fees will produce \$72.897 billion in revenue in the test year.

ORDER

In accordance with the foregoing Decision of the Governors, the changes in rates and fees set forth in Attachment A hereto, and incorporated herein, are hereby approved and ordered into effect. In accordance with Resolution 05-9 of the Board of Governors, dated November 14, 2005, the changes will take effect at 12:01 a.m. on January 8, 2006.

By The Governors:


Chairman

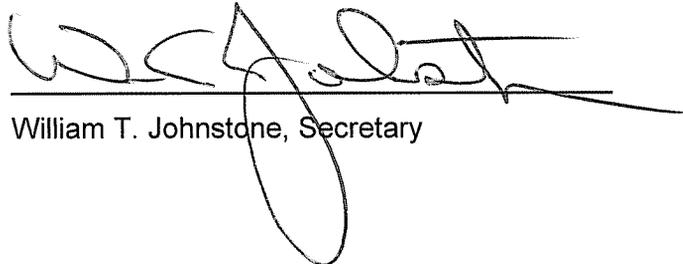
**RESOLUTION OF THE BOARD OF GOVERNORS
OF THE
UNITED STATES POSTAL SERVICE
Resolution No. 05-9**

Effective Date of Postal Rate and Fee Changes

RESOLVED:

Pursuant to Section 3625(f) of Title 39, United States Code, the Board of Governors determines that the rates and fees that were ordered to be placed into effect by the Decision of the Governors of the United States Postal Service on the Opinion and Recommended Decision of the Postal Rate Commission on Changes in Postal Rates and Fees Pursuant to Public Law 108-18, Docket No. R2005-1, adopted on November 14, 2005, shall become effective at 12:01 a.m. on January 8, 2006.

The foregoing Resolution was adopted by the Board of Governors on November 14, 2005.



William T. Johnstone, Secretary

**ATTACHMENT A TO THE DECISION OF THE GOVERNORS
OF THE UNITED STATES POSTAL SERVICE ON THE
OPINION AND RECOMMENDED DECISION OF THE POSTAL RATE COMMISSION
ON CHANGES IN POSTAL RATES AND FEES
PURSUANT TO PUBLIC LAW 108-18, DOCKET NO. R2005-1
(NOVEMBER 14, 2005)**

RATE SCHEDULES
EXPRESS MAIL
RATE SCHEDULES 121, 122 AND 123

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		\$11.30	\$10.95	\$14.40
1		15.70	15.40	18.80
2		15.70	15.40	18.80
3		19.10	18.75	22.20
4		22.40	22.10	25.50
5		25.65	25.35	28.75
6		28.95	28.60	32.05
7		32.15	31.85	35.25
8		33.50	33.20	36.65
9		35.05	34.75	38.15
10		36.40	36.10	39.50
11		38.20	37.90	41.30
12		41.00	40.70	44.10
13		43.00	42.70	46.10
14		44.10	43.80	47.20
15		45.50	45.15	48.60
16		47.10	46.80	50.20
17		48.70	48.40	51.80
18		50.15	49.85	53.30
19		51.70	51.40	54.80
20		53.25	52.90	56.35
21		54.75	54.45	57.85
22		56.30	55.95	59.40
23		57.85	57.55	60.95
24		59.35	59.00	62.45
25		60.80	60.50	63.95
26		62.40	62.10	65.50
27		63.85	63.55	67.00
28		65.45	65.15	68.55
29		67.00	66.65	70.10
30		68.50	68.20	71.60
31		70.05	69.70	73.15
32		71.60	71.30	74.75
33		73.05	72.75	76.15
34		74.70	74.35	77.80
35		76.10	75.80	79.20
36		77.75	77.40	80.85
37		79.45	79.15	82.60
38		81.35	81.05	84.50
39		83.20	82.90	86.30
40		85.10	84.80	88.20
41		87.00	86.70	90.10
42		88.95	88.65	92.05
43		90.75	90.45	93.85
44		92.60	92.30	95.70
45		94.30	93.95	97.40
46		95.70	95.40	98.80
47		97.45	97.15	100.55
48		98.95	98.65	102.10
49		100.45	100.15	103.55
50		102.05	101.70	105.15

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

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
51		\$103.70	\$103.40	\$106.80
52		105.20	104.85	108.30
53		106.80	106.50	109.95
54		108.35	108.05	111.45
55		109.95	109.60	113.05
56		111.55	111.25	114.70
57		113.10	112.80	116.20
58		114.75	114.40	117.85
59		116.40	116.10	119.50
60		118.25	117.95	121.35
61		120.25	119.95	123.35
62		122.10	121.80	125.20
63		123.90	123.60	127.00
64		125.95	125.65	129.05
65		127.75	127.45	130.85
66		129.75	129.45	132.85
67		131.55	131.20	134.65
68		133.55	133.25	136.65
69		135.40	135.05	138.50
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 for each pickup stop.
3. Add \$13.25 for each Custom Designed delivery stop.

**FIRST-CLASS MAIL
RATE SCHEDULE 221**

LETTERS AND SEALED PARCELS

	Rate
Single Piece	
First ounce	\$ 0.390
Additional ounces	0.240
Nonmachinable surcharge	0.130
Qualified Business Reply Mail	0.358
Presorted	
First ounce	0.371
Additional ounces	0.237
Nonmachinable surcharge	0.058
Heavy piece discount, per piece	0.043
Automation Letters	
Mixed AADC	0.326
AADC	0.317
3-digit	0.308
5-digit	0.293
Carrier route	0.290
Additional ounces	0.237
Heavy piece discount, per piece	0.043
Automation Flats	
Mixed ADC	0.359
ADC	0.351
3-digit	0.339
5-digit	0.318
Additional ounces	0.237
Nonmachinable surcharge	0.058
Heavy piece discount, per piece	0.043

SCHEDULE 221 NOTES

1. A mailing fee of \$160.00 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 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

	Rate
Regular	
Single Piece Cards	\$ 0.240
Qualified Business Reply Mail	0.211
Presorted	0.223
Automation	
Mixed AADC	0.204
AADC	0.197
3-digit	0.193
5-digit	0.186
Carrier route	0.179

SCHEDULE 222 NOTES

1. A mailing fee of \$160.00 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

Weight (lbs.)	Local, Zones 1, 2 & 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
1	\$4.05	\$4.05	\$4.05	\$4.05	\$4.05	\$4.05
2	4.20	4.80	5.15	5.30	5.70	6.05
3	5.00	6.40	7.20	7.55	8.25	9.00
4	5.60	7.45	8.50	8.95	9.95	10.90
5	6.15	8.45	9.80	10.40	11.60	12.80
6	6.65	9.35	10.45	10.60	11.90	12.95
7	7.15	10.35	11.25	11.60	13.25	14.80
8	7.75	11.35	12.05	12.60	14.55	16.60
9	8.35	12.35	12.85	13.60	15.85	18.45
10	8.85	13.30	13.70	14.75	17.20	20.25
11	9.45	14.05	14.50	15.95	18.50	22.05
12	10.00	14.80	15.30	17.20	19.80	23.85
13	10.55	15.55	16.15	18.45	21.15	25.65
14	11.10	16.30	16.90	19.60	22.40	27.45
15	11.65	17.05	17.75	20.80	23.70	29.30
16	12.25	17.80	18.55	22.00	25.05	31.10
17	12.80	18.55	19.35	23.25	26.35	32.90
18	13.35	19.30	20.35	24.40	27.65	34.75
19	13.90	20.05	21.30	25.60	29.00	36.50
20	14.50	20.80	22.30	26.70	30.30	38.35
21	15.00	21.55	23.25	28.00	31.60	40.15
22	15.60	22.30	24.20	29.15	32.90	41.95
23	16.15	23.05	25.20	30.35	34.20	43.80
24	16.70	23.75	26.20	31.50	35.50	45.60
25	17.30	24.55	27.15	32.80	36.85	47.40
26	17.80	25.30	28.05	34.00	38.15	49.20
27	18.40	26.05	29.05	35.15	39.45	51.00
28	18.95	26.75	30.05	36.35	40.80	52.85
29	19.50	27.55	31.05	37.50	42.10	54.65
30	20.10	28.30	32.00	38.80	43.40	56.45
31	20.60	29.05	32.90	39.90	44.70	58.30
32	21.20	29.80	33.90	41.10	46.00	60.10
33	21.75	30.50	34.90	42.25	47.30	61.85
34	22.30	31.30	35.85	43.50	48.65	63.70
35	22.85	32.05	36.85	44.70	49.95	65.50
36	23.45	32.80	37.80	45.90	51.30	67.30
37	24.00	33.70	38.80	47.05	52.60	69.15
38	24.55	34.40	39.75	48.35	53.90	70.95
39	25.05	35.30	40.75	49.55	55.25	72.80

PRIORITY MAIL (continued)

Weight (lbs.)	Local, Zones 1, 2 & 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
40	\$25.55	\$36.15	\$41.75	\$50.70	\$56.50	\$74.55
41	26.05	36.90	42.65	51.90	57.80	76.35
42	26.55	37.80	43.60	53.00	59.20	78.20
43	27.05	38.60	44.60	54.30	60.50	80.00
44	27.55	39.40	45.60	55.45	61.85	81.80
45	28.05	40.25	46.55	56.65	63.20	83.65
46	28.55	41.10	47.50	57.80	64.50	85.45
47	29.05	41.90	48.50	59.10	65.90	87.20
48	29.55	42.80	49.50	60.30	67.20	89.05
49	30.05	43.60	50.40	61.45	68.55	90.85
50	30.50	44.45	51.40	62.65	69.90	92.70
51	31.05	45.25	52.35	63.80	71.20	94.50
52	31.50	46.10	53.35	65.10	72.50	96.30
53	32.05	46.90	54.30	66.25	73.85	98.15
54	32.50	47.70	55.30	67.40	75.15	99.90
55	33.05	48.60	56.30	68.55	76.40	101.70
56	33.50	49.40	57.20	69.85	77.75	103.55
57	34.05	50.20	58.15	71.00	79.05	105.35
58	34.50	51.05	59.15	72.20	80.35	107.15
59	35.05	51.90	60.15	73.35	81.70	109.00
60	35.50	52.70	61.15	74.60	83.00	110.80
61	36.05	53.60	62.05	75.85	84.30	112.60
62	36.50	54.35	63.05	77.00	85.65	114.40
63	37.05	55.25	64.05	78.20	86.95	116.20
64	37.50	56.05	65.05	79.40	88.20	118.05
65	38.05	56.80	65.90	80.60	89.55	119.85
66	38.50	57.70	66.90	81.75	90.85	121.65
67	39.05	58.60	67.90	82.95	92.15	123.50
68	39.50	59.35	68.90	84.10	93.50	125.25
69	40.05	60.20	69.85	85.35	94.80	127.05
70	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 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 is charged for matter sent in a flat rate box provided by the Postal Service (experimental).

**STANDARD MAIL
RATE SCHEDULE 321A**

**REGULAR
PRESORTED CATEGORIES**

	Rate
Letter, minimum piece rate	
Piece Rate	
Basic	\$ 0.282
3/5-digit	0.261
Destination Entry Discounts	
BMC	0.022
SCF	0.027
Nonletters, minimum piece rate	
Piece Rate	
Basic	0.363
3/5-digit	0.304
Destination Entry Discounts	
BMC	0.022
SCF	0.027
Nonletters, piece and pound rate	
Piece Rate	
Basic	0.209
3/5-digit	0.150
Pound Rate	0.746
Destination Entry Discounts (off pound rate)	
BMC	0.105
SCF	0.132

SCHEDULE 321A NOTES

1. A fee of \$160.00 must be paid each 12-month period for each bulk mailing permit.
2. Residual shape pieces are subject to a surcharge of \$0.242 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 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
AUTOMATION CATEGORIES**

	Rate
Letters, minimum piece rate	
Piece Rate	
Mixed AADC	\$ 0.231
AADC	0.223
3-digit	0.214
5-digit	0.200
Destination Entry Discounts	
BMC	0.022
SCF	0.027
 Flats, minimum piece rate	
Piece Rate	
Basic	0.316
3/5-digit	0.275
Destination Entry Discounts	
BMC	0.022
SCF	0.027
 Flats, piece and pound rate	
Piece Rate	
Basic	0.162
3/5-digit	0.121
Pound Rate	0.746
Destination Entry Discounts (off pound rate)	
BMC	0.105
SCF	0.132

SCHEDULE 321B NOTES

1. A fee of \$160.00 must be paid once 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

	Rate
Letters, minimum piece rate	
Piece Rate	
Basic	\$ 0.204
High density	0.173
Saturation	0.160
Automation Basic	0.180
Destination Entry Discounts	
BMC	0.022
SCF	0.027
DDU	0.033
Nonletters, minimum piece rate	
Piece Rate	
Basic	0.204
High density	0.178
Saturation	0.169
Destination Entry Discounts	
BMC	0.022
SCF	0.027
DDU	0.033
Nonletters, piece and pound rate	
Piece Rate	
Basic	0.071
High density	0.045
Saturation	0.036
Pound Rate	0.643
Destination Entry Discounts (off pound rate)	
BMC	0.105
SCF	0.132
DDU	0.166

SCHEDULE 322 NOTES

1. A fee of \$160.00 must be paid each 12-month period for each bulk mailing permit.
2. Residual shape pieces are subject to a surcharge of \$0.211 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.
6. Add \$0.015 per piece for pieces bearing a Repositionable Note as defined in Classification Schedule 322.8.

**STANDARD MAIL
RATE SCHEDULE 323A**

**NONPROFIT
PRESORTED CATEGORIES**

	Rate
Letters, minimum piece rate	
Piece Rate	
Basic	\$ 0.170
3/5-digit	0.158
Destination Entry Discounts	
BMC	0.022
SCF	0.027
Nonletters, minimum piece rate	
Piece Rate	
Basic	0.237
3/5-digit	0.189
Destination Entry Discounts	
BMC	0.022
SCF	0.027
Nonletters, piece and pound rate	
Piece Rate	
Basic	0.113
3/5-digit	0.065
Pound Rate	0.602
Destination Entry Discounts (off pound rate)	
BMC	0.105
SCF	0.132

SCHEDULE 323A NOTES

1. A fee of \$160.00 must be paid each 12-month period for each bulk mailing permit.
2. Residual shape pieces are subject to a surcharge of \$0.242 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 \$0.021 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.
6. Add \$0.015 per piece for pieces bearing a Repositionable Note as defined in Classification Schedule 323.8.

**STANDARD MAIL
RATE SCHEDULE 323B**

**NONPROFIT
AUTOMATION CATEGORIES**

	Rate
Letters, minimum piece rate	
Piece Rate	
Mixed AADC	\$ 0.148
AADC	0.140
3-digit	0.133
5-digit	0.118
Destination Entry Discounts	
BMC	0.022
SCF	0.027
Flats, minimum piece rate	
Piece Rate	
Basic	0.195
3/5-digit	0.171
Destination Entry Discounts	
BMC	0.022
SCF	0.027
Flats, piece and pound rate	
Piece Rate	
Basic	0.071
3/5-digit	0.047
Pound Rate	0.602
Destination Entry Discounts (off pound rate)	
BMC	0.105
SCF	0.132

SCHEDULE 323B NOTES

1. A fee of \$160.00 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 323.8.

**STANDARD MAIL
RATE SCHEDULE 324**

NONPROFIT ENHANCED CARRIER ROUTE

Rate

Letters, minimum piece rate

Piece Rate

Basic	\$ 0.140
High density	0.113
Saturation	0.105
Automation Basic	0.117

Destination Entry Discounts

BMC	0.022
SCF	0.027
DDU	0.033

Nonletters, minimum piece rate

Piece Rate

Basic	0.140
High density	0.122
Saturation	0.116

Destination Entry Discounts

BMC	0.022
SCF	0.027
DDU	0.033

Nonletters, piece and pound rate

Piece Rate

Basic	0.055
High density	0.037
Saturation	0.031

Pound Rate

0.411

Destination Entry Discounts (off pound rate)

BMC	0.105
SCF	0.132
DDU	0.166

SCHEDULE 324 NOTES

1. A fee of \$160.00 must be paid each 12-month period for each bulk mailing permit.
2. Residual shape pieces are subject to a surcharge of \$0.211 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 density 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.
6. Add \$0.015 per piece for pieces bearing a Repositionable Note as defined in Classification Schedule 324.8.

**PERIODICALS
 RATE SCHEDULE 421**

OUTSIDE COUNTY (INCLUDING SCIENCE OF AGRICULTURE)

	Postage Rate Unit	Rate
Outside County		
Advertising		
Destinating Delivery Unit	Pound	\$ 0.167
Destinating SCF	Pound	0.214
Destinating ADC	Pound	0.235
Zones 1 & 2	Pound	0.261
Zone 3	Pound	0.281
Zone 4	Pound	0.332
Zone 5	Pound	0.410
Zone 6	Pound	0.491
Zone 7	Pound	0.589
Zone 8	Pound	0.672
Nonadvertising	Pound	0.203
Science of Agriculture		
Advertising		
Destinating Delivery Unit	Pound	0.125
Destinating SCF	Pound	0.160
Destinating ADC	Pound	0.176
Zones 1 & 2	Pound	0.196
Zone 3	Pound	0.281
Zone 4	Pound	0.332
Zone 5	Pound	0.410
Zone 6	Pound	0.491
Zone 7	Pound	0.589
Zone 8	Pound	0.672
Nonadvertising	Pound	0.203
Outside County and Science of Agriculture		
Basic		
Nonautomation	Piece	0.393
Automation letter	Piece	0.296
Automation flat	Piece	0.343
3-Digit		
Nonautomation	Piece	0.341
Automation letter	Piece	0.262
Automation flat	Piece	0.298

OUTSIDE COUNTY (INCLUDING SCIENCE OF AGRICULTURE) (continued)

5-Digit

Nonautomation	Piece	\$ 0.270
Automation letter	Piece	0.206
Automation flat	Piece	0.238

Carrier Route

Basic	Piece	0.172
High density	Piece	0.138
Saturation	Piece	0.118

Discounts

Percentage editorial discount	Piece	0.00078
Worksharing discount DDU	Piece	0.019
Worksharing discount DSCF	Piece	0.008
Worksharing discount DADC	Piece	0.002
Worksharing discount pallets	Piece	0.005
Worksharing dropship pallet discount	Piece	0.011

Experimental Discounts

Co-palletization discounts DSCF	Piece	0.011
Zones 1 & 2 Avoided	Pound	0.015
Zone 3 Avoided	Pound	0.020
Zone 4 Avoided	Pound	0.036
Zone 5 Avoided	Pound	0.059
Zone 6 Avoided	Pound	0.083
Zone 7 Avoided	Pound	0.113
Zone 8 Avoided	Pound	0.138
Co-palletization discounts DADC	Piece	0.007
Zones 1 & 2 Avoided	Pound	0.008
Zone 3 Avoided	Pound	0.014
Zone 4 Avoided	Pound	0.030
Zone 5 Avoided	Pound	0.053
Zone 6 Avoided	Pound	0.077
Zone 7 Avoided	Pound	0.106
Zone 8 Avoided	Pound	0.132

SCHEDULE 421 NOTES

1. The rates in this schedule also apply to Nonprofit (DMCS Section 422.2) and Classroom rate (DMCS Section 422.3) 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 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

	Postage Rate Unit	Rate
Delivery Unit	Pound	\$ 0.109
All Other Zones	Pound	0.142
Basic		
Nonautomation	Piece	0.103
Automation letter	Piece	0.049
Automation flat	Piece	0.075
3-Digit		
Nonautomation	Piece	0.095
Automation letter	Piece	0.047
Automation flat	Piece	0.071
5-Digit		
Nonautomation	Piece	0.085
Automation letter	Piece	0.045
Automation flat	Piece	0.065
Carrier Route		
Basic	Piece	0.049
High density	Piece	0.033
Saturation	Piece	0.027
Discounts		
Worksharing discount DDU	Piece	0.006

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 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**

Weight (lbs.)	Zones 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
1	\$3.89	\$3.95	\$3.95	\$3.95	\$3.95	\$3.95	\$3.95
2	4.06	4.06	4.36	4.36	4.73	4.73	4.73
3	4.90	4.90	5.85	5.96	6.02	6.08	6.66
4	5.12	5.48	6.63	7.30	7.53	7.59	8.29
5	5.30	6.02	7.31	8.17	9.04	9.11	9.94
6	5.93	6.33	7.84	8.96	10.03	10.43	12.11
7	6.11	6.62	8.34	9.70	10.91	12.01	13.52
8	6.30	6.88	8.75	10.37	11.71	13.22	15.85
9	6.44	7.13	9.21	11.01	12.47	14.10	17.96
10	6.62	7.98	9.59	11.60	13.18	14.94	19.12
11	6.76	8.22	9.98	12.16	13.84	15.73	20.18
12	6.89	8.44	10.33	12.69	14.46	16.46	21.19
13	7.03	8.63	10.67	13.19	15.05	17.15	22.12
14	7.17	8.87	10.99	13.65	15.61	17.81	23.02
15	7.29	9.07	11.31	14.10	16.14	18.43	23.86
16	7.40	9.26	11.59	14.52	16.64	19.02	24.67
17	7.54	9.42	11.89	14.92	17.12	19.59	25.43
18	7.64	9.60	12.14	15.30	17.58	20.12	26.16
19	7.77	9.78	12.41	15.67	18.01	20.64	26.86
20	7.86	9.94	12.63	16.02	18.42	21.13	27.53
21	7.98	10.11	12.86	16.36	18.82	21.60	28.16
22	8.07	10.24	13.09	16.67	19.20	22.05	28.77
23	8.18	10.42	13.33	16.98	19.57	22.47	29.35
24	8.25	10.55	13.52	17.28	19.92	22.89	29.92
25	8.36	10.69	13.73	17.56	20.26	23.28	30.46
26	8.44	10.82	13.92	17.83	20.58	23.67	30.98
27	8.55	10.96	14.10	18.10	20.90	24.04	31.48
28	8.62	11.09	14.31	18.35	21.20	24.39	31.96
29	8.72	11.23	14.49	18.59	21.49	24.74	32.42
30	8.80	11.34	14.65	18.83	21.77	25.06	32.87
31	8.90	11.45	14.82	19.06	22.04	25.38	33.31
32	8.96	11.58	14.99	19.28	22.30	25.69	33.73
33	9.04	11.70	15.16	19.49	22.56	25.98	34.13
34	9.13	11.78	15.29	19.70	22.80	26.28	34.52
35	9.21	11.91	15.45	19.90	23.03	26.55	34.90
36	9.28	12.01	15.62	20.09	23.26	26.82	35.26
37	9.35	12.10	15.74	20.27	23.48	27.08	35.61
38	9.42	12.23	15.88	20.46	23.69	27.33	35.96
39	9.51	12.30	16.01	20.63	23.90	27.58	36.29

**PARCEL POST
 INTER-BMC RATES (continued)**

Weight (lbs.)	Zones 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
40	\$9.58	\$12.42	\$16.15	\$20.80	\$24.10	\$27.82	\$36.62
41	9.67	12.52	16.27	20.96	24.31	28.05	36.93
42	9.73	12.61	16.40	21.12	24.49	28.27	37.24
43	9.78	12.70	16.53	21.28	24.67	28.49	37.53
44	9.85	12.77	16.64	21.43	24.85	28.70	37.82
45	9.92	12.88	16.77	21.58	25.03	28.91	38.09
46	9.99	12.96	16.89	21.72	25.20	29.11	38.37
47	10.08	13.06	16.99	21.86	25.36	29.30	38.63
48	10.13	13.14	17.12	21.99	25.53	29.49	38.88
49	10.18	13.23	17.22	22.12	25.68	29.67	39.14
50	10.24	13.29	17.31	22.25	25.83	29.85	39.38
51	10.32	13.39	17.43	22.38	25.98	30.03	39.62
52	10.37	13.47	17.53	22.49	26.13	30.20	39.84
53	10.45	13.53	17.60	22.61	26.27	30.37	40.07
54	10.50	13.64	17.72	22.72	26.40	30.52	40.28
55	10.55	13.67	17.82	22.84	26.53	30.68	40.51
56	10.63	13.79	17.91	22.95	26.67	30.83	40.71
57	10.69	13.85	18.01	23.05	26.79	30.98	40.92
58	10.74	13.92	18.09	23.16	26.91	31.12	41.11
59	10.81	13.99	18.19	23.26	27.04	31.27	41.31
60	10.87	14.06	18.29	23.36	27.15	31.41	41.49
61	10.95	14.16	18.36	23.45	27.27	31.54	41.68
62	11.00	14.21	18.45	23.55	27.37	31.67	41.85
63	11.04	14.29	18.54	23.64	27.49	31.80	42.02
64	11.09	14.34	18.61	23.73	27.59	31.93	42.19
65	11.15	14.42	18.70	23.82	27.70	32.05	42.36
66	11.23	14.49	18.77	23.90	27.79	32.17	42.53
67	11.29	14.56	18.86	23.99	27.90	32.28	42.69
68	11.33	14.62	18.95	24.07	27.99	32.40	42.83
69	11.38	14.67	19.02	24.15	28.09	32.51	42.99
70	11.45	14.76	19.10	24.22	28.18	32.62	43.14
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 per piece.
2. For BMC Presort discount, deduct \$0.30 per piece.
3. For barcode discount, deduct \$0.03 per piece (machinable parcels only).
4. For nonmachinable parcels, add \$2.90 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.

**PACKAGE SERVICES
RATE SCHEDULE 521.2B**

**PARCEL POST
INTRA-BMC RATES**

Weight (lbs.)	Local Zone	Zones 1 & 2	Zone 3	Zone 4	Zone 5
1	\$2.96	\$3.12	\$3.15	\$3.21	\$3.31
2	3.30	3.72	3.75	3.83	3.94
3	3.63	4.30	4.33	4.43	4.55
4	3.93	4.51	4.87	4.97	5.12
5	4.21	4.69	5.29	5.43	5.64
6	4.46	4.86	5.67	5.81	6.11
7	4.60	5.02	6.00	6.16	6.55
8	4.70	5.62	6.30	6.47	6.96
9	4.81	5.75	6.56	6.80	7.33
10	4.91	5.93	6.88	7.10	7.67
11	5.00	6.07	7.10	7.38	7.99
12	5.10	6.23	7.31	7.65	8.29
13	5.19	6.37	7.48	7.91	8.57
14	5.27	6.49	7.61	8.17	8.83
15	5.35	6.61	7.79	8.39	9.09
16	5.45	6.72	7.97	8.60	9.32
17	5.51	6.86	8.14	8.83	9.54
18	5.59	6.96	8.29	9.03	9.74
19	5.65	7.08	8.45	9.22	9.94
20	5.75	7.19	8.60	9.39	10.12
21	5.81	7.28	8.75	9.55	10.30
22	5.87	7.40	8.87	9.70	10.46
23	5.94	7.48	9.04	9.84	10.61
24	6.01	7.58	9.17	9.97	10.77
25	6.08	7.66	9.30	10.10	10.91
26	6.13	7.77	9.41	10.23	11.05
27	6.20	7.85	9.55	10.35	11.17
28	6.26	7.93	9.68	10.45	11.30
29	6.33	8.02	9.80	10.56	11.41
30	6.41	8.11	9.91	10.67	11.52
31	6.46	8.19	9.99	10.76	11.64
32	6.51	8.28	10.12	10.87	11.73
33	6.59	8.35	10.22	10.95	11.84
34	6.64	8.43	10.31	11.04	11.92
35	6.69	8.50	10.42	11.12	12.02
36	6.75	8.57	10.51	11.19	12.10
37	6.79	8.66	10.60	11.28	12.18
38	6.84	8.73	10.70	11.35	12.26
39	6.91	8.81	10.80	11.41	12.33

**PARCEL POST
INTRA-BMC RATES (continued)**

Weight (lbs.)	Local Zone	Zones 1 & 2	Zone 3	Zone 4	Zone 5
40	\$6.97	\$8.86	\$10.88	\$11.48	\$12.41
41	7.03	8.96	10.99	11.54	12.48
42	7.08	9.01	11.07	11.62	12.54
43	7.14	9.07	11.15	11.68	12.60
44	7.21	9.15	11.24	11.74	12.65
45	7.25	9.20	11.31	11.91	12.70
46	7.29	9.30	11.40	11.96	12.75
47	7.36	9.37	11.47	12.02	12.81
48	7.41	9.42	11.56	12.06	12.86
49	7.45	9.50	11.64	12.11	12.91
50	7.50	9.53	11.71	12.15	12.96
51	7.57	9.62	11.77	12.21	13.02
52	7.60	9.69	11.88	12.25	13.07
53	7.65	9.72	11.93	12.28	13.12
54	7.72	9.78	11.97	12.33	13.18
55	7.77	9.84	12.02	12.38	13.23
56	7.80	9.91	12.06	12.43	13.28
57	7.85	9.98	12.08	12.45	13.33
58	7.91	10.03	12.12	12.49	13.39
59	7.96	10.09	12.15	12.53	13.44
60	7.98	10.16	12.18	12.55	13.49
61	8.07	10.22	12.22	12.60	13.54
62	8.09	10.28	12.25	12.66	13.60
63	8.15	10.33	12.27	12.73	13.65
64	8.20	10.39	12.29	12.79	13.70
65	8.24	10.45	12.33	12.85	13.75
66	8.27	10.52	12.35	12.92	13.81
67	8.35	10.58	12.38	13.00	13.86
68	8.39	10.60	12.40	13.04	13.91
69	8.40	10.68	12.42	13.11	13.97
70	8.41	10.73	12.45	13.18	14.02
Oversized	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 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.

**PACKAGE SERVICES
RATE SCHEDULE 521.2C**

**PARCEL POST
PARCEL SELECT DESTINATION BULK MAIL CENTER RATES**

Weight (lbs.)	Zones			
	1 & 2	Zone 3	Zone 4	Zone 5
1	\$2.12	\$2.38	\$2.62	\$3.26
2	2.36	2.91	3.36	3.89
3	2.62	3.45	4.05	4.51
4	2.87	3.95	4.65	5.07
5	3.10	4.43	5.08	5.59
6	3.32	4.85	5.44	6.06
7	3.52	5.23	5.77	6.51
8	3.72	5.61	6.07	6.91
9	3.91	5.94	6.38	7.28
10	4.09	6.29	7.07	7.63
11	4.26	6.61	7.34	7.95
12	4.43	6.91	7.61	8.26
13	4.58	7.17	7.86	8.54
14	4.74	7.29	8.13	8.80
15	4.89	7.46	8.35	9.04
16	5.03	7.63	8.57	9.29
17	5.18	7.79	8.80	9.50
18	5.30	7.95	8.99	9.71
19	5.44	8.09	9.19	9.91
20	5.57	8.24	9.36	10.08
21	5.69	8.39	9.51	10.26
22	5.81	8.52	9.67	10.42
23	5.92	8.67	9.81	10.59
24	6.04	8.79	9.94	10.73
25	6.16	8.92	10.07	10.88
26	6.26	9.02	10.19	11.01
27	6.38	9.16	10.31	11.14
28	6.47	9.29	10.41	11.26
29	6.58	9.40	10.54	11.37
30	6.68	9.51	10.63	11.49
31	6.78	9.59	10.72	11.60
32	6.87	9.71	10.82	11.71
33	6.97	9.80	10.92	11.79
34	7.06	9.90	10.99	11.89
35	7.15	10.00	11.09	11.98
36	7.24	10.48	11.17	12.07
37	7.33	10.57	11.24	12.15

PARCEL POST
PARCEL SELECT DESTINATION BULK MAIL CENTER RATES (continued)

Weight (lbs.)	Zones 1 & 2	Zone 3	Zone 4	Zone 5
38	\$7.41	\$10.67	\$11.32	\$12.23
39	7.49	10.76	11.38	12.31
40	7.58	10.85	11.45	12.37
41	7.66	10.96	11.51	12.44
42	7.74	11.04	11.58	12.51
43	7.82	11.13	11.65	12.82
44	7.89	11.20	11.71	13.12
45	7.97	11.27	11.87	13.45
46	8.04	11.37	11.92	13.77
47	8.12	11.44	11.97	14.09
48	8.19	11.53	12.03	14.43
49	8.26	11.60	12.08	14.77
50	8.34	11.68	12.12	15.12
51	8.40	11.75	12.17	15.47
52	8.47	11.84	12.22	15.83
53	8.54	11.89	12.26	16.21
54	8.60	11.94	12.31	16.59
55	8.67	11.98	12.36	16.75
56	8.74	12.02	12.38	16.82
57	8.80	12.05	12.42	16.93
58	8.86	12.09	12.46	17.01
59	8.93	12.12	12.49	17.09
60	8.98	12.15	12.52	17.18
61	9.04	12.18	12.56	17.26
62	9.11	12.22	12.63	17.33
63	9.16	12.24	12.70	17.41
64	9.22	12.27	12.75	17.49
65	9.28	12.30	12.82	17.55
66	9.34	12.33	12.90	17.64
67	9.39	12.35	12.95	17.70
68	9.44	12.36	13.01	17.77
69	9.50	12.38	13.07	17.84
70	9.55	12.41	13.14	17.91
Oversized	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 not available for DBMC mail entered at an ASF, except at the Phoenix, AZ, ASF.
2. For nonmachinable parcels, add \$1.53 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 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.)	Rate	Weight (lbs.)	Rate
1	\$1.61	36	\$4.84
2	1.80	37	4.90
3	1.95	38	4.95
4	2.10	39	5.02
5	2.23	40	5.07
6	2.36	41	5.12
7	2.48	42	5.18
8	2.58	43	5.23
9	2.70	44	5.28
10	2.79	45	5.33
11	2.89	46	5.39
12	2.98	47	5.44
13	3.08	48	5.48
14	3.16	49	5.53
15	3.27	50	5.58
16	3.36	51	5.63
17	3.46	52	5.67
18	3.54	53	5.71
19	3.64	54	5.75
20	3.72	55	5.81
21	3.80	56	5.85
22	3.88	57	5.89
23	3.96	58	5.93
24	4.04	59	5.98
25	4.11	60	6.02
26	4.18	61	6.05
27	4.26	62	6.09
28	4.33	63	6.13
29	4.40	64	6.18
30	4.47	65	6.21
31	4.53	66	6.25
32	4.60	67	6.29
33	4.66	68	6.32
34	4.72	69	6.37
35	4.79	70	6.40
		Oversized	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 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 per piece.

**PACKAGE SERVICES
 RATE SCHEDULE 521.2E**

**PARCEL POST
 PARCEL SELECT DESTINATION DELIVERY UNIT RATES**

Weight (lbs.)	Rate	Weight (lbs.)	Rate
1	\$1.30	36	\$2.27
2	1.35	37	2.28
3	1.40	38	2.29
4	1.45	39	2.30
5	1.51	40	2.31
6	1.55	41	2.32
7	1.59	42	2.33
8	1.63	43	2.34
9	1.67	44	2.35
10	1.71	45	2.36
11	1.74	46	2.37
12	1.77	47	2.38
13	1.80	48	2.39
14	1.83	49	2.40
15	1.87	50	2.41
16	1.89	51	2.42
17	1.92	52	2.43
18	1.95	53	2.45
19	1.97	54	2.46
20	1.99	55	2.47
21	2.02	56	2.48
22	2.04	57	2.49
23	2.07	58	2.50
24	2.09	59	2.51
25	2.11	60	2.52
26	2.13	61	2.53
27	2.15	62	2.54
28	2.17	63	2.55
29	2.18	64	2.56
30	2.20	65	2.57
31	2.21	66	2.58
32	2.22	67	2.59
33	2.23	68	2.60
34	2.25	69	2.61
35	2.26	70	2.62
		Oversized	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 must be paid once each 12-month period for Parcel Select.

**PACKAGE SERVICES
RATE SCHEDULE 521.2F**

**PARCEL POST
PARCEL SELECT RETURN SERVICES
RETURN DELIVERY UNIT RATE CATEGORY**

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

SCHEDULE 521.2F NOTES

1. 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 521.2G**

**PARCEL POST
PARCEL SELECT RETURN SERVICES
RETURN BMC RATE CATEGORY
MACHINABLE PIECES**

Weight (lbs.)	Zones 1 & 2	Zone 3	Zone 4	Zone 5
1	\$2.21	\$2.25	\$2.31	\$2.40
2	2.81	2.85	2.92	3.04
3	3.39	3.43	3.52	3.65
4	3.60	3.96	4.07	4.22
5	3.78	4.38	4.52	4.73
6	3.95	4.76	4.90	5.21
7	4.11	5.09	5.25	5.64
8	4.71	5.40	5.57	6.05
9	4.85	5.65	5.89	6.42
10	5.03	5.98	6.20	6.77
11	5.16	6.20	6.47	7.08
12	5.32	6.41	6.75	7.39
13	5.46	6.58	7.00	7.66
14	5.59	6.70	7.26	7.93
15	5.70	6.88	7.48	8.18
16	5.82	7.06	7.69	8.41
17	5.96	7.23	7.93	8.63
18	6.05	7.39	8.13	8.83
19	6.18	7.55	8.32	9.03
20	6.28	7.69	8.48	9.21
21	6.38	7.84	8.64	9.39
22	6.49	7.97	8.79	9.55
23	6.58	8.14	8.94	9.71
24	6.67	8.26	9.06	9.87
25	6.76	8.39	9.19	10.00
26	6.86	8.51	9.33	10.14
27	6.95	8.64	9.44	10.27
28	7.02	8.77	9.54	10.39
29	7.11	8.90	9.65	10.51
30	7.20	9.00	9.76	10.61
31	7.28	9.09	9.85	10.73
32	7.38	9.21	9.96	10.82
33	7.44	9.32	10.04	10.93
34	7.53	9.40	10.13	11.01
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 POST
PARCEL SELECT RETURN SERVICES
RETURN BMC RATE CATEGORY
NONMACHINABLE PIECES

Weight (lbs.)	Zones 1 & 2	Zone 3	Zone 4	Zone 5
1	\$3.63	\$3.67	\$3.73	\$3.82
2	4.23	4.27	4.34	4.46
3	4.81	4.85	4.94	5.07
4	5.02	5.38	5.49	5.64
5	5.20	5.80	5.94	6.15
6	5.37	6.18	6.32	6.63
7	5.53	6.51	6.67	7.06
8	6.13	6.82	6.99	7.47
9	6.27	7.07	7.31	7.84
10	6.45	7.40	7.62	8.19
11	6.58	7.62	7.89	8.50
12	6.74	7.83	8.17	8.81
13	6.88	8.00	8.42	9.08
14	7.01	8.12	8.68	9.35
15	7.12	8.30	8.90	9.60
16	7.24	8.48	9.11	9.83
17	7.38	8.65	9.35	10.05
18	7.47	8.81	9.55	10.25
19	7.60	8.97	9.74	10.45
20	7.70	9.11	9.90	10.63
21	7.80	9.26	10.06	10.81
22	7.91	9.39	10.21	10.97
23	8.00	9.56	10.36	11.13
24	8.09	9.68	10.48	11.29
25	8.18	9.81	10.61	11.42
26	8.28	9.93	10.75	11.56
27	8.37	10.06	10.86	11.69
28	8.44	10.19	10.96	11.81
29	8.53	10.32	11.07	11.93
30	8.62	10.42	11.18	12.03
31	8.70	10.51	11.27	12.15
32	8.80	10.63	11.38	12.24
33	8.86	10.74	11.46	12.35
34	8.95	10.82	11.55	12.43
35	9.01	10.94	11.63	12.53
36	9.11	11.05	11.74	12.65

PARCEL POST
PARCEL SELECT RETURN SERVICE
RETURN BMC RATE CATEGORY
NONMACHINABLE PIECES (continued)

Weight (lbs.)	Zones 1 & 2	Zone 3	Zone 4	Zone 5
37	\$9.19	\$11.13	\$11.80	\$12.71
38	9.23	11.20	11.85	12.76
39	9.29	11.29	11.90	12.81
40	9.33	11.34	11.94	12.87
41	9.40	11.43	11.98	12.92
42	9.43	11.49	12.03	12.96
43	9.47	11.55	12.08	12.99
44	9.53	11.61	12.12	13.02
45	9.56	11.66	12.27	13.06
46	9.63	11.74	12.30	13.09
47	9.68	11.78	12.33	13.12
48	9.71	11.85	12.35	13.15
49	9.77	11.91	12.38	13.18
50	9.78	11.96	12.40	13.21
51	9.85	12.00	12.43	13.25
52	9.89	12.09	12.46	13.28
53	9.90	12.12	12.47	13.31
54	9.95	12.14	12.50	13.34
55	9.99	12.16	12.53	13.37
56	10.03	12.18	12.55	13.40
57	10.08	12.18	12.55	13.44
58	10.12	12.20	12.57	13.47
59	10.15	12.21	12.59	13.50
60	10.20	12.22	12.59	13.53
61	10.24	12.23	12.61	13.56
62	10.27	12.24	12.66	13.59
63	10.31	12.24	12.71	13.63
64	10.35	12.24	12.74	13.66
65	10.38	12.27	12.78	13.69
66	10.43	12.27	12.83	13.72
67	10.47	12.28	12.89	13.75
68	10.47	12.28	12.91	13.78
69	10.53	12.28	12.96	13.82
70	10.56	12.28	13.00	13.85
Oversized	27.39	27.73	28.46	29.56

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. 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**

Weight (lbs.)	Zones 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
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.

**PACKAGE SERVICES
 RATE SCHEDULE 522B**

**BOUND PRINTED MATTER
 PRESORTED AND CARRIER ROUTE RATES
 FLATS, PARCELS, AND IRREGULAR PARCELS**

Flats

	Zones						
	1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
Per Piece							
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
Per Pound	0.095	0.118	0.157	0.209	0.261	0.325	0.442

Parcels and Irregular Parcels

	Zones						
	1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
Per Piece							
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
Per Pound	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

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

Parcels and Irregular Parcels

	DBMC					
			Zones 1 & 2	Zone 3	Zone 4	Zone 5
Per Piece	DDU	DSCF	\$0.943	\$0.943	\$0.943	\$0.943
	\$0.642	\$0.717				
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 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

	DBMC					
			Zones			
	DDU	DSCF	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

	DBMC					
			Zones			
	DDU	DSCF	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 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**

Weight (lbs.)	Zones 1 & 2	Zone 3	Zone 4	Zone 5
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

	Rate
First Pound	
Single Piece	\$1.59
5-Digit Presort	0.90
Basic Presort	1.26
Each additional pound, through 7 pounds	0.48
Each additional pound, over 7 pounds	0.34

SCHEDULE 523 NOTES

1. A mailing fee of \$160.00 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

	Rate
First Pound	
Single Piece	\$1.51
5-Digit Presort	0.86
Basic Presort	1.20
Each additional pound, through 7 pounds	0.46
Each additional pound, over 7 pounds	0.32

SCHEDULE 524 NOTES

1. A mailing fee of \$160.00 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.

**NEGOTIATED SERVICE AGREEMENTS
CAPITAL ONE NSA
RATE SCHEDULE 610A**

Volume Block

Incremental Discounts

1,225,000,001 - 1,275,000,000	3.0¢
1,275,000,001 - 1,325,000,000	3.5¢
1,325,000,001 - 1,375,000,000	4.0¢
1,375,000,001 - 1,450,000,000	4.5¢
1,450,000,001 - 1,525,000,000	5.0¢
1,525,000,001 - 1,600,000,000	5.5¢
1,600,000,001 and above	6.0¢

**CAPITAL ONE NSA
RATE SCHEDULE 610B**

Volume Block

Incremental Discounts

1,025,000,001 - 1,075,000,000	1.0¢
1,075,000,001 - 1,125,000,000	1.5¢
1,125,000,001 - 1,175,000,000	2.0¢
1,175,000,001 - 1,225,000,000	2.5¢

**CAPITAL ONE NSA
RATE SCHEDULE 610C
FOR ADJUSTED THRESHOLD (A.T.)**

Volume Block

Incremental Discounts

A.T. + 1 - A.T. + 50,000,000	3.0¢
A.T. + 50,000,001 - A.T. + 100,000,000	3.5¢
A.T. + 100,000,001 - A.T. + 150,000,000	4.0¢
A.T. + 150,000,001 - A.T. + 225,000,000	4.5¢
A.T. + 225,000,001 - A.T. + 300,000,000	5.0¢
A.T. + 300,000,001 - A.T. + 375,000,000	5.5¢
A.T. + 375,000,001 and above	6.0¢

**CAPITAL ONE NSA
RATE SCHEDULE 610D
FOR ADJUSTED THRESHOLD (A.T.)**

Volume Block

Incremental Discounts

A.T. + 1 - A.T. + 50,000,000	1.0¢
A.T. + 50,000,001 - A.T. + 100,000,000	1.5¢
A.T. + 100,000,001 - A.T. + 150,000,000	2.0¢
A.T. + 150,000,001 - A.T. + 200,000,000	2.5¢

**DISCOVER FINANCIAL SERVICES NSA
RATE SCHEDULE 611A**

Volume Block

Incremental Discounts

405,000,000 to 435,000,000	2.5¢
435,000,001 to 465,000,000	3.0¢
465,000,001 to 490,000,000	3.5¢
490,000,001 to 515,000,000	4.0¢
515,000,001 and above	4.5¢

**DISCOVER FINANCIAL SERVICES NSA
RATE SCHEDULE 611B
FOR ADJUSTED THRESHOLD (A.T.)**

Volume Block

Incremental Discounts

A.T. to A.T. + 30,000,000	2.5¢
A.T. + 30,000,001 to A.T. + 60,000,000	3.0¢
A.T. + 60,000,001 to A.T. + 85,000,000	3.5¢
A.T. + 85,000,001 to A.T. + 110,000,000	4.0¢
A.T. + 110,000,001 and above	4.5¢

**BANK ONE NSA
RATE SCHEDULE 612A**

Volume Block

Incremental Discounts

535,000,001 to 560,000,000	2.5¢
560,000,001 to 585,000,000	3.0¢
585,000,001 to 610,000,000	3.5¢
610,000,001 to 645,000,000	4.0¢
645,000,001 to 680,000,000	4.5¢
680,000,001 and above	5.0¢

**BANK ONE NSA
RATE SCHEDULE 612B
FOR ADJUSTED THRESHOLD (A.T.)**

Volume Block

Incremental Discounts

A.T.	to A.T. + 25,000,000	2.5¢
A.T. + 25,000,001	to A.T. + 50,000,000	3.0¢
A.T. + 50,000,001	to A.T. + 75,000,000	3.5¢
A.T. + 75,000,001	to A.T. + 110,000,000	4.0¢
A.T. + 110,000,001	to A.T. + 145,000,000	4.5¢
A.T. + 145,000,001	and above	5.0¢

**HSBC NORTH AMERICA HOLDINGS INC. NSA
RATE SCHEDULE 613A**

(FIRST YEAR OF AGREEMENT)

Volume Block	Incremental Discounts
615,000,001 to 655,000,000	2.5¢
655,000,001 to 675,000,000	3.0¢
675,000,001 to 695,000,000	3.5¢
695,000,001 to 715,000,000	4.0¢
715,000,001 to 735,000,000	4.5¢
735,000,001 and above	5.0¢

**HSBC NORTH AMERICA HOLDINGS INC. NSA
RATE SCHEDULE 613B**

(SECOND YEAR OF AGREEMENT)

Volume Block	Incremental Discounts
725,000,001 to 765,000,000	2.5¢
765,000,001 to 785,000,000	3.0¢
785,000,001 to 805,000,000	3.5¢
805,000,001 to 825,000,000	4.0¢
825,000,001 to 845,000,000	4.5¢
845,000,001 and above	5.0¢

**HSBC NORTH AMERICA HOLDINGS INC. NSA
RATE SCHEDULE 613C**

(THIRD YEAR OF AGREEMENT)

Volume Block	Incremental Discounts
810,000,001 to 850,000,000	2.5¢
850,000,001 to 870,000,000	3.0¢
870,000,001 to 890,000,000	3.5¢
890,000,001 to 910,000,000	4.0¢
910,000,001 to 930,000,000	4.5¢
930,000,001 and above	5.0¢

**HSBC NORTH AMERICA HOLDINGS INC. NSA
RATE SCHEDULE 613D
FOR ADJUSTED THRESHOLDS (A.T.)**

Volume Block

Incremental Discounts

A.T.	to A.T. + 40,000,000	2.5¢
A.T. + 40,000,001	to A.T. + 60,000,000	3.0¢
A.T. + 60,000,001	to A.T. + 80,000,000	3.5¢
A.T. + 80,000,001	to A.T. + 100,000,000	4.0¢
A.T. + 100,000,001	to A.T. + 120,000,000	4.5¢
A.T. + 120,000,001	and above	5.0¢

FEE SCHEDULES

FEE SCHEDULE 911

ADDRESS CORRECTIONS

Description	Fee
Manual correction, each	\$0.75
Electronic correction, each	\$0.21

FEE SCHEDULE 912

ZIP CODING OF MAILING LISTS

Description	Fee
Per 1,000 addresses, or fraction	\$105.00

CORRECTION OF MAILING LISTS

Description	Fee
Per submitted address	\$0.30
Minimum charge per list (30 items)	9.00

ADDRESS CHANGES FOR ELECTION BOARDS AND REGISTRATION COMMISSIONS

Description	Fee
Per change of address	\$0.28

SEQUENCING OF ADDRESS CARDS

Description	Fee
Per correction	\$0.30
Insertion of blanks	0.00

SCHEDULE 912 NOTES

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

Box Size	Fee Group							
	1	2	3	4	5	6	7	E
1	\$ 37.00	\$ 31.00	\$ 25.00	\$ 20.00	\$ 14.00	\$ 13.00	\$ 9.00	\$ 0.00
2	53.00	47.00	40.00	36.00	23.00	19.00	14.00	0.00
3	105.00	84.00	72.00	66.00	36.00	35.00	24.00	0.00
4	216.00	179.00	124.00	116.00	69.00	63.00	42.00	0.00
5	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

Description	Fee
Key duplication or replacement	\$ 4.65
Post office box lock replacement	11.60

II. Caller Service

Semi-annual Caller Service Fee	\$434.00
Annual Call Number Reservation Fee	34.00

FEE SCHEDULE 931

BUSINESS REPLY MAIL

Description	Fee
Regular (no accounting fee)	
Permit fee (per year)	\$160.00
Per piece charge	0.65
Regular (with accounting fee)	
Permit fee (per year)	160.00
Accounting fee (per year)	500.00
Per piece charge	0.11
Qualified Business Reply Mail, low-volume	
Permit fee (per year)	160.00
Accounting fee (per year)	500.00
Per-piece charge, basic	0.06
Qualified Business Reply Mail, high-volume	
Permit fee (per year)	160.00
Accounting fee (per year)	500.00
Quarterly fee	1,900.00
Per piece charge, high-volume	0.008
Bulk Weight Averaged	
Permit fee (per year)	160.00
Accounting fee (per year)	500.00
Per piece charge, bulk weight averaged	0.01
Monthly maintenance fee	790.00

FEE SCHEDULE 932

MERCHANDISE RETURN SERVICE

Description	Fee
Permit fee (per year)	\$160.00
Accounting fee (per year)	500.00
Per piece charge	0.00

FEE SCHEDULE 933

ON-SITE METER SERVICE

Description	Fee
Per employee, per visit	\$37.00
Per meter reset or examined	5.25
Per meter checked into or out of service	4.25

SCHEDULE 933 NOTES

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 934

[RESERVED]

FEE SCHEDULE 935

BULK PARCEL RETURN SERVICE

Description	Fee
Permit fee (per year)	\$160.00
Accounting fee (per year)	500.00
Per piece charge	1.90

FEE SCHEDULE 936

SHIPPER PAID FORWARDING

Description	Fee
Accounting fee (per year)	\$500.00

FEE SCHEDULE 937

PREMIUM FORWARDING SERVICE

Description	Fee
Enrollment fee	\$10.00
Weekly reshipment fee	\$ 2.85

SCHEDULE 937 NOTES

1. The weekly reshipment fee is in addition to the postage applicable to a 3-pound parcel mailed to zone 6, as stated in Rate Schedule 223 (Priority Mail).

FEE SCHEDULE 941

CERTIFIED MAIL

Description	Fee
Fee per piece, in addition to postage	\$2.40

FEE SCHEDULE 942

REGISTERED MAIL

Declared Value	Fee
	(in addition to postage)
\$ 0.00	\$7.90
0.01 to 100.....	8.45
100.01 to 500.....	9.35
500.01 to 1,000	10.25
1,000.01 to 2,000	11.15
2,000.01 to 3,000	12.05
3,000.01 to 4,000	12.95
4,000.01 to 5,000	13.85
5,000.01 to 6,000	14.75
6,000.01 to 7,000	15.65
7,000.01 to 8,000	16.55
8,000.01 to 9,000	17.45
9,000.01 to 10,000.....	18.35
10,000.01 to 11,000.....	19.25
11,000.01 to 12,000.....	20.15
12,000.01 to 13,000.....	21.05
13,000.01 to 14,000.....	21.95
14,000.01 to 15,000.....	22.85
15,000.01 to 16,000.....	23.75
16,000.01 to 17,000.....	24.65
17,000.01 to 18,000.....	25.55
18,000.01 to 19,000.....	26.45
19,000.01 to 20,000.....	27.35
20,000.01 to 21,000.....	28.25
21,000.01 to 22,000.....	29.15
22,000.01 to 23,000.....	30.05
23,000.01 to 24,000.....	30.95
24,000.01 to 25,000.....	31.85
25,000.01 to \$1 million	31.85
	plus \$0.90 handling charge for each \$1,000 or fraction thereof over \$25,000.00
Over \$1million to \$15 million	909.35
	plus \$0.90 handling charge for each \$1,000 or fraction thereof over \$1,000,000.00
Over \$15 million	13,509.35
	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

Description	Fee
Express Mail Insurance	
Merchandise coverage	
\$0.01 to 100.00	\$0.00
Fee per \$100 or fraction over \$100, up to \$5,000	1.05
Document reconstruction coverage	
\$0.00 to 100.00	0.00
Regular Insurance	
Amount of coverage	
\$0.01 to 50.00	1.35
50.01 to 100.00	2.30
100.01 to 5,000.00	\$2.30 plus \$1.05 for each \$100 or fraction thereof over \$100
Bulk Insurance	
Amount of coverage	
\$0.01 to 50.00	0.75
50.01 to 100.00	1.50
100.01 to 5,000.00	\$1.50 plus \$1.05 for each \$100 or fraction thereof over \$100

SCHEDULE 943 NOTES

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

Description	Fee
Amount to be collected	
\$ 0.01 to \$ 50	\$4.75
50.01 to 100.....	5.80
100.01 to 200.....	6.85
200.01 to 300.....	7.90
300.01 to 400.....	8.95
400.01 to 500.....	10.00
500.01 to 600.....	11.05
600.01 to 700.....	12.10
700.01 to 800.....	13.15
800.01 to 900.....	14.20
900.01 to 1000.....	15.25
Notice of nondelivery	3.15
Alteration of COD charges	3.15
Designation of new addressee	3.15
Registered COD.....	4.20

FEE SCHEDULE 945

RETURN RECEIPTS

Description	Fee
Return Receipt	
Requested at time of mailing	
Original signature	\$1.85
Copy of signature (electronic)	1.35
Requested after mailing	3.45
Return Receipt for Merchandise	
Requested at time of mailing	\$3.15
Delivery record	3.45

FEE SCHEDULE 946

RESTRICTED DELIVERY

Description	Fee
Per piece	\$3.70

FEE SCHEDULE 947

CERTIFICATE OF MAILING

Description	Fee
Individual Pieces	
Original certificate of mailing for listed pieces of all classes of ordinary mail	\$0.95
Three or more pieces individually listed in a firm mailing book or an approved customer provided manifest	0.30
Each additional copy of original certificate of mailing or original mailing receipt for registered, insured, certified, and COD mail (each copy)	0.95
Bulk	
Identical pieces of First-Class 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)	4.75
Each additional 1,000 pieces or fraction	0.55
Duplicate copy	0.95

FEE SCHEDULE 948

DELIVERY CONFIRMATION

Description	Fee
First-Class Mail Letters and Sealed Parcels	
Electronic	\$0.14
Retail	0.60
Priority Mail	
Electronic	0.00
Retail	0.50
Standard Mail	
Electronic	0.14
Package Services Parcel Select	
Electronic	0.00
Other Package Services	
Electronic	0.14
Retail	0.60

FEE SCHEDULE 949

SIGNATURE CONFIRMATION

Description	Fee
First-Class Mail Letters and Sealed Parcels	
Electronic	\$1.35
Retail	1.90
Priority Mail	
Electronic	1.35
Retail	1.90
Package Services	
Electronic	1.35
Retail	1.90

FEE SCHEDULE 951

PARCEL AIR LIFT

Description	Fee
For pieces weighing:	
Not more than 2 pounds	\$0.45
Over 2 but not more than 3 pounds	\$0.90
Over 3 but not more than 4 pounds	\$1.30
Over 4 but not more than 30 pounds	\$1.80

FEE SCHEDULE 952

SPECIAL HANDLING

Description	Fee
For pieces weighing:	
Not more than 10 pounds	\$6.25
More than 10 pounds	8.70

FEE SCHEDULE 961

STAMPED ENVELOPES

Description	Fee
Plain stamped envelopes	
Basic, size 6-3/4, each	\$0.08
Basic, size 6-3/4, 500	13.00
Basic, over size 6-3/4, each	0.08
Basic, over size 6-3/4, 500	15.00
Personalized stamped envelopes	
Basic, size 6-3/4, 50	3.75
Basic, size 6-3/4, 500	18.00
Basic, over size 6-3/4, 50	3.75
Basic, over size 6-3/4, 500	21.00

FEE SCHEDULE 962

STAMPED CARDS

Description	Fee
Single card	\$0.02
Double reply-paid card	0.04
Sheet of 40 cards (uncut)	0.80

FEE SCHEDULE 971

MONEY ORDERS

Description	Fee
Domestic (\$0.01 to \$500.00)	\$0.95
Domestic (\$500.01 to \$1,000.00)	1.30
APO/FPO (\$0.01 to \$1,000.00)	0.25
Inquiry, including a copy of paid money order	3.15

FEE SCHEDULE 991

CONFIRM

Description	Fee
Silver Subscription	
Subscription Fee (3 months)	\$2,000.00
Additional ID Codes (lesser of 3 months or end of subscription term)	500.00
Additional Scans (block of 2 million)	500.00
Gold Subscription	
Subscription Fee (12 months)	4,500.00
Additional ID Codes (lesser of 3 months or end of subscription term)	500.00
Additional Scans (block of 6 million)	750.00
Platinum Subscription	
Subscription Fee (12 months)	10,000.00
Additional ID Codes (lesser of 3 months or end of subscription term)	500.00

FEE SCHEDULE 1000

MISCELLANEOUS FEES

Description	Fee
First-Class Presorted Mailing Fee (per year)	\$160.00
Standard Mail Mailing Fee (per year)	160.00
Periodicals	
A. Original Entry	395.00
B. Additional Entry	65.00
C. Re-entry	45.00
D. Registration for News Agents	40.00
Parcel Select Mailing Fee (per year)	160.00
Bound Printed Matter: Destination Entry Mailing Fee (per year)	160.00
Media Mail Presorted Mailing Fee (per year)	160.00
Library Mail Presorted Mailing Fee (per year)	160.00
Authorization to Use Permit Imprint (one-time only)	160.00
Accounting Fee (per year)	500.00
Permit Fee (per year)	160.00
Parcel Return Services Accounting Fee (per year)	500.00
Parcel Return Services Permit Fee (per year)	160.00

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

Daniel J. Foucheaux, Jr.

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November 15, 2005