

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

EXIGENT REQUEST, 2010

Docket No. R2010-4

EXIGENT REQUEST OF THE UNITED STATES POSTAL SERVICE

UNITED STATES POSTAL SERVICE

By:

R. Andrew German
Managing Counsel, Pricing & Product
Development

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing & Product Support

Anthony F. Alverno
Chief Counsel, Global Business

Jacob D. Howley
Eric P. Koetting
Elizabeth A. Reed
David H. Rubin

Its Attorneys

July 6, 2010
475 L'Enfant Plaza West, S.W.
Room 6536
Washington, D.C. 20260-1137

*DOCUMENTS RELATING TO THIS REQUEST MAY BE SERVED UPON
MR. FOUCHEAUX AT THE ABOVE ADDRESS.*

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Due to extraordinary and exceptional circumstances, in accordance with 39 U.S.C. § 3622(b)(1)(E) and 39 C.F.R. § 3010.60 *et seq.*, the United States Postal Service hereby requests authority to increase rates for market dominant products in excess of the otherwise applicable limitations of 39 U.S.C. § 3622(b)(1)(A) and 39 C.F.R. § 3010.11. In this Request, the Postal Service proposes exigent prices representing an aggregate increase of approximately 5.6 percent, and provides six months notice for implementation of new prices on January 2, 2011.

The circumstances affecting the Postal Service are “extraordinary” and “exceptional.” What fundamentally distinguishes present conditions from any circumstances that were imagined when the Postal Accountability and Enhancement Act of 2006 (PAEA) was enacted just a few short years ago is the dramatic, rapid and unprecedented decline in mail volume. Historically, mail volume has generally grown year to year; and even in the relatively few instances in which that was not the case, the drops seen were of a much smaller order of magnitude. In FY 2007, however, mail volume stalled, then plunged in FY 2008 and FY 2009, falling a total of nearly 17 percent between FY 2006 and FY 2009. Revenue, holding at \$75 billion in 2007 and

2008, fell in just one year by \$7 billion, down to \$68 billion in 2009. Nothing even remotely approaching this abrupt turnaround has been seen in the post-war era. The next-worst decline was in 2002, when volume fell 2.2 percent in the year following the horrific September 11th and anthrax attacks and a recession. By comparison, the percentage volume decline from the first quarter of FY 2007 through the second quarter of FY 2010 is 20.1 percent, and further declines are expected.¹

This exigent Request is not the only step the Postal Service has taken to improve its financial situation. In the last decade, the Postal Service has made many efforts to aggressively reduce its costs, including investment in automation, substantial reductions in the career workforce, workhour savings and productivity gains, among others.² Since 2000, these cost-reduction efforts have resulted in an average of over \$1 billion in annual savings. The Postal Service continues to aggressively work to reduce costs, and such efforts are a critical element of the plan to align costs with decreased revenue caused by volume declines. Despite the significant savings achieved, these efforts are insufficient by themselves to effectively balance the new costs, unique requirements, and structural changes imposed by the PAEA. Additional measures are necessary.

Without authority to increase rates beyond current limitations, the Postal Service would be confined to an increase based on the change in the Consumer Price Index since the last general increase in market dominant rates in early 2009 -- 0.578 percent - - which would allow for an increase of little more than *one-half of one percent*. This

¹ Full historical perspective on the stark reality of the current volume decline is presented in the accompanying Statement of the Postal Service's Chief Financial Officer, Joseph Corbett.

² Specific cost-cutting efforts are described in greater detail in Section III of Mr. Corbett's Statement.

would prevent the Postal Service from making discernible progress towards closing the multi-billion dollar shortfall between projected expenses and projected revenues for FY 2011, currently estimated at approximately \$7 billion. It would also severely impede the Postal Service's progress toward the goal of reducing the substantial amount of debt accumulated over the last several years, an amount expected to approach \$13.2 billion by the end of the *current* fiscal year, FY 2010.

The requested exigent increase will not by itself eliminate the gap between revenue and expenses in FY 2011. It is an important part of the Postal Service's balanced, comprehensive plan to better align current costs and revenues and cover accumulated debt. Some of the plan's components will have long-term impact, others will have short-term. Because an exigent price change is one of the few options available to the Postal Service that can be reasonably expected to have short-term impact, it is exceedingly important. Unlike private sector businesses, which have the ability to employ a variety of means to return to profitability when affected by extraordinary circumstances, the Postal Service operates under constraints that inhibit its ability to respond quickly to exceptional market changes, and to ensure that the prices of its products and services adequately cover their costs. As this Request and the supporting materials will show, the moderate aggregate increase proposed in this Request is urgently needed in the face of extraordinary and exceptional circumstances to maintain and continue the development of postal services of the kind and quality the country needs.

Nature of the Request

The provisions governing exigent requests are found in 39 U.S.C. § 622(d)(1)(E) and Subpart E of Part 3010 of the Commission Rules of Practice and Procedure (39 CFR §§ 3010.60-66). This Request is the first such request presented under the PAEA, and will thus of necessity break new ground.

Section 3622(d)(1)(E) reads as follows:

(d) Requirements—

(1) In general.—The system for regulating rates and classes for market-dominant products shall—

* * *

(E) notwithstanding any limitation set under subparagraphs (A) and (C), and provided there is not sufficient unused rate authority under paragraph 2(C), establish procedures whereby rates may be adjusted on an expedited basis due to either extraordinary or exceptional circumstances, provided that the Commission determines, after notice and opportunity for a public hearing and comment, and within 90 days after any request by the Postal Service, that such adjustment is reasonable and equitable and necessary to enable the Postal Service, under best practices of honest, efficient, and economical management, to maintain and continue the development of postal services of the kind and quality adapted to the needs of the United States.

39 U.S.C. § 3622(d)(1)(E).

The statute sets forth two basic prerequisites for a Postal Service Request made under this section. First, there must be “extraordinary or exceptional circumstances.” Second, the requested adjustments must be not only reasonable and equitable, but also “necessary” to enable the Postal Service to maintain and continue the development of postal services. The statute makes no attempt to define either “extraordinary” or “exceptional” circumstances. No matter how these terms are defined, however, the existence of extraordinary or exceptional circumstances alone would not be sufficient to

justify price adjustments above the price cap limitations, unless the requested prices are “necessary.” According to this section, the “necessary” standard is met if something less would not “enable the Postal Service, under best practices of honest, efficient, and economical management, to maintain and continue the development of postal services of the kind and quality adapted to the needs of the United States.” Therefore, in presenting this Request, the Postal Service identifies the requisite extraordinary or exceptional circumstances, and explains why, under these circumstances, the otherwise-available price adjustment authority is insufficient to allow it to maintain and develop adequate postal services.

Based on the most current information available, if the Postal Service were seeking to increase market dominant rates through a typical (Type 1) CPI-U rate adjustment, the price cap calculated pursuant to Commission Rules 3010.11 and 3010.21-.28 would be 0.578 percent.³ This percentage limitation is far lower than both the cap of 3.8 percent applicable to the May 2009 price changes and the cap of 2.9 percent applicable to the May 2008 price changes, the only two previous Type 1 rate adjustments. Both of those price adjustments covered a *one-year* period, while the price changes sought in this proceeding would be the first market dominant price changes in nearly *two years*. Even under ordinary circumstances, when the CPI-U price cap calculated with the normally applicable cap calculation methodologies is so low, it

³ This reflects actual CPI-U data through the May 2010 figure released in mid-June. The above-cited 0.578 percent figure is based strictly on CPI-U changes and ignores the banked authority amounts, which differ by class. Consequently, the actual amounts of total unused authority available to each class differ as well, although none are materially higher than the 0.578 percent figure in any sense meaningful to this discussion.

would be a challenge for the Postal Service to achieve financial results sufficient to maintain universal service with only a routine Type 1 price adjustment.

Current circumstances are, however, anything but ordinary. Neither the Postal Service nor those responsible for the PAEA foresaw the dramatic and rapid decline in mail volume between FY 2006 and FY 2009, during which period volume plunged a total of nearly 17 percent. While the long-term impact of electronic diversion has been widely acknowledged over the last 10 years, neither electronic diversion nor any other single factor caused the sudden, precipitous drop in mail volume. Even just a few years ago, the depth and severity of the current recession—and its impact on mail volume—were unforeseeable. Historically, mail volume has generally increased from year to year, and even in the comparatively few instances of decreases, they were of a much smaller order of magnitude than the current decrease.⁴ The unprecedented drop in mail volume constitutes the “extraordinary or exceptional circumstances” that trigger the need for an exigent increase.

The basic structure of a price cap regime is intended, over time, to allow price changes to match cost changes for mail pieces that stay within the system. A price cap regime, however, is poorly designed to deal with a sudden surge of pieces leaving the system, particularly in a network industry like the Postal Service, in which it is well-established that a large portion of network costs can not and do not respond proportionately to changes in volume. Even if a network enterprise suffering from a substantial drop in volume were able to manage to keep *unit* costs and *unit* revenues in

⁴ Again, a detailed comparison of the current volume decline versus the substantially smaller declines experienced in other periods of macro-economic difficulty is presented in the accompanying Statement of the Postal Service's Chief Financial Officer, Joseph Corbett.

relative balance through price increases pegged to inflation, the cumulative loss of contribution from the volume loss toward the recovery of network costs would make it difficult, if not impossible, for the enterprise to keep its bottom line intact.⁵ The crushing and continuing decline in mail volume, both extraordinary and exceptional, is what causes the Postal Service to seek the proposed exigent rate increases. While many other urgent measures to address the current circumstances are being pursued as well, the Postal Service's ability to continue to provide universal service and to begin to address the net revenue shortfall projected for FY 2011 requires price increases in excess of those prescribed by the routine price cap calculations.

These increases are truly necessary. In the three full years since volume peaked in 2006, the Postal Service lost over \$11.7 billion. Even adjusting for the offsetting effects of legislative changes in two of those years (the P.L.109-435 expense increase of \$6.8 billion in FY 2007, and the P.L. 111-68 expense reduction in FY 2009, as shown on page 77 of the 2009 Annual Report), the post-adjustment total loss for that three-year period is still nearly \$9 billion. Much more troubling is the trend this represents. Again after making allowance for the above-specified legislative effects, the adjusted results would show a net income of \$1.7 billion for FY 2007, but net losses of \$2.8 billion for FY 2008 and \$7.8 billion for FY 2009. A net loss of between \$6 and \$7 billion is expected for FY 2010.

Price increases based solely on the amount of rate authority under the CPI-U cap as described above would be patently insufficient. Above-CPI price increases must be

⁵ The situation is compounded for the Postal Service because its delivery network continues to expand as new homes and business are created, even as the total volume delivered to the expanding number of delivery points plummets.

implemented in 2011 in order to maintain and develop postal services that serve the needs of the American public.

Structure of the Request

Subpart E of Part 3010 of the Commission Rules of Practice and Procedure (39 CFR §§ 3010.60-66) govern proceedings of this type. Although the Commission's Rules are somewhat more extensive than the statute, neither source presents much detail about how an exigent case should be structured. In part, this paucity of detail reflects an understandable intent to retain the flexibility to respond to the broadest possible set of potential circumstances, all of which, by definition, will be "extraordinary or exceptional."⁶ Indeed, the Postal Service is not suggesting that the structure put forward in this instance will necessarily be appropriate for each and every instance in which an exigent case might be filed. The approach used in this instance is nonetheless both solid as a basic starting point for exigent price changes in general, and appropriate for the particular exigent circumstances at hand.

The structure of this request builds directly on the language of the Commission rule defining the conditions under which the exigent case rules apply:

The Postal Service may request to increase rates for market dominant products in excess of the annual limitation in the percentage change in rates [derived from application of the Commission's CPI-U methodology] as described in § 3010.11(d) due to extraordinary or exceptional circumstances. . . .

⁶ The Commission's determination to avoid locking into very specific rules for exigent cases was entirely consistent with recommendations made by the Postal Service and many other parties when those rules were formulated. See, for example, the Postal Service's Reply Comments to Order No. 26 (Oct. 9, 2007) in Docket No. RM2007-1, at pages 42-45.

Rule 3010.60. Under this provision, the Postal Service is requesting in its exigent case the authority to increase prices in excess of the percentage limitation otherwise imposed by the CPI-U price cap and, if available, any banked authority. For that reason, the structure of the proceeding which naturally suggests itself is a framework in which the Postal Service identifies the otherwise applicable price cap percentage limitation for each class, and then seeks authorization for specific prices representing a *higher percentage increase* for each class based on particular exigent circumstances.

Because of differences in unused banked authority by class, the cumulative non-exigent percentage limitations available differ by class. It is equally appropriate for the requested exigent percentage price increases to differ by class as well, though for reasons that go well beyond differing banked amounts.

The Postal Service is presenting this exigent case structure with as minimal level of difference as is practicable when compared with procedures for non-exigent price changes. The concept is to identify the available price caps by class, explain why the total revenue generated from increases limited by those price caps would be inadequate, and propose an alternative set of higher-percentage price increases. The Commission rules also require submission of a specific set of proposed rate schedules. Rule 3010.61(a)(1). Under the case structure being advanced, the Postal Service's specific price proposals reflect its proposed higher-percentage increases and correspond to the specific price proposals it routinely provides in annual price cap filings under normal circumstances. In particular, using historical billing determinants and the fixed-weight index calculation methodology prescribed in Rules 3010.23 and 24, the materials submitted with this Request derive the percentage increases yielded by the

set of requested price changes for each class. In this structure, the Commission goes through the same steps to review specific proposed prices, except that the conventionally calculated percentage price increases by class are no longer evaluated against the CPI-U cap.

Instead, the increases are evaluated against the factors set forth in the Commission's rules. For example, the Commission's exigent case rules include provisions requiring consideration of the nature and origins of the exigency, the relationship of the exigent proposals to the exigent circumstances, the financial necessity of an exigent response, and a balanced overview demonstrating "why the requested increases are reasonable and equitable as among types of users of market dominant products." Rule 3010.61(a)(3), (4), (5), and (7). Consideration of these factors, and of other factors demonstrating consistency of the request with "applicable statutory policies" under subsection (8) of Rule 3010.61(a), can readily be incorporated into a presentation explaining the specific percentage increases for each class, and, to the extent they might differ, particularly justifying those increases in relationship to the price increases proposed for the other classes. As indicated in more detail below, the materials submitted with the Request address those factors.

Rule 3010.61(a)(6) also contemplates discussion of the circumstances under which the Postal Service might be able to rescind the exigent increases, in whole or in part. The proposed structure also fits nicely with this aspect of the exigent case concept. By filing an exigent case seeking specific higher-price increases by class, the Postal Service is affirmatively stating that current CPI-U price cap limitations are insufficient given circumstances such as prevailing cost and revenue trends. This could

be viewed as an exercise in which the higher price caps sought are, in a sense, borrowed against future CPI-U price caps. If cost or revenue trends or other circumstances change in the future, it may be possible for the Postal Service to “pay back” some or all of the exigent increase by basing subsequent price increases on price caps set *below* the level indicated by the CPI-U caps calculated at that future date. The structure for the proceeding outlined above, in which *supra* CPI-U percentage price increases by class are developed and justified, makes transparent the amount of borrowing contemplated from the “bank” of future CPI-U increases. Whether future circumstances would allow such potential “paybacks” is an open question, and depends on factors outside the Postal Service’s control, but the proposed structure would facilitate the logistics of the process if favorable conditions occur.

This structure also comports with the respective time frames set by the PAEA for the routine establishment of new prices under the price cap, versus the unusual establishment of new prices in an exigent case. Pursuant to the relevant subsections of section 3622, a price cap proceeding is limited to 45 days, while an exigent proceeding is limited to 90 days. The additional 45 days permitted in an exigent case presumably allow for consideration of the necessary higher set of percentage price increases. Given the more extensive procedural burdens in an exigent case, including the Rule 3010.65 provision for a public hearing, not much more could be substantively done within those additional 45 days. For example, an omnibus rate case under the previous ratemaking system took a full 10 months. It would not be possible to address the whole host of issues previously resolved as part of an omnibus rate case in 90 days, less than one-third of the time allotted for that task by the prior law. Accordingly, the proposed

exigent case structure corresponds much more closely to the existing CPI-U price cap structure than to the omnibus rate case structure it replaced.

I. Requested Exigent Price Levels

The following section discusses and describes the otherwise applicable CPI-U price cap, the amount of “banked” price adjustment authority currently available by class, the resulting total amount of unused price adjustment authority available for each class, and the actual percentage change in prices for each class implicit in the specific exigent prices requested.

A. Inflation-Based Price Adjustment Authority

Based on the most recently available data from the Bureau of Labor Statistics, if the Postal Service were to file a typical Type 1 filing, the inflation-based price adjustment authority would be 0.578 percent. See Attachment B. This is based on the actual change in the 12-month moving average of the Consumer Price Index – All Urban Consumers, U.S. All Items (the “CUUR0000SA0” series), between December 2008 (the last period on which the May 2010 price changes were based) and May 2010.

B. Available Unused (“Banked”) Price Adjustment Authority

Following previous market dominant price changes under the PAEA, most notably the general increases in Docket Nos. R2008-1 and R2009-2, the current banked authority available, by class, is provided below.⁷

⁷ See Order No. 191 (March 16, 2009) at 3; Order No. 201 (April 9, 2009) at 4.

Table 1
Available Unused Price Adjustment Authority,
By Mail Class

Class	Unused Authority (%)
First-Class Mail	0.030
Standard Mail	0.103
Periodicals	0.015
Package Services	0.025
Special Services	0.137

C. Overall Available Price Adjustment Authority

Based on the cumulative effect of the inflation-based and banked figures presented in Table 1, above, if the Postal Service were to file a Type 1 rate adjustment, it would be authorized to raise the prices for each class by the following percentages:

Table 2
Price Adjustment Authority By Mail Class

Class	Price Adjustment Authority (%)
First-Class Mail	0.608
Standard Mail	0.681
Periodicals	0.593
Package Services	0.603
Special Services	0.715

D. Proposed New Prices

For reasons outlined in this Request and more fully explained in the accompanying materials, the Postal Service has concluded that the otherwise-available price adjustment authority levels set forth in Table 2 would not be sufficient to meet its

financial objectives because of extraordinary and exceptional circumstances. Accordingly, the Postal Service is requesting authority to increase prices to the necessary levels proposed in this Request.

The price cap compliance calculation, as defined by the Commission, uses a set of fixed weights applied to the current and new prices to construct a weighted average price change for each market-dominant class. These fixed weights are the most recent 12 months of Postal Service billing determinants, with reasonable adjustments and explanations for those adjustments. For example, adjustments could include elimination of rate cells active in the previous year, if redefined in this price adjustment, and the corresponding assignment of billing determinants to more applicable rate cells. For purposes of this proceeding, the historical billing determinants employed are from the 12-month period from April 1, 2009, to March 31, 2010.

The requested new prices are in Attachment A. For each class, the Postal Service has prepared workpapers deriving the requested percentage price increase.

These workpapers are designated as follows:

USPS-R2010-4/1	First-Class Mail
USPS-R2010-4/2	Standard Mail
USPS-R2010-4/3	Periodicals
USPS-R2010-4/4	Package Services
USPS-R2010-4/5	Special Services

Each of these items contains a Preface that explains its contents in detail. The Preface provides an overview of the workpaper, a discussion of any necessary adjustments to the 12-month historical billing determinants, and an explanation of the

revenue calculations generated through the billing determinants and the current and new prices.

E. Percentage Change by Mail Class

The percentage changes by class implicit in the proposed exigent prices are as follows:

Table 3
Exigent Price Change Percentage by Mail Class

Class	Percent Change
First-Class Mail	5.417
Standard Mail	5.616
Periodicals	8.035
Package Services	6.700
Special Services	5.225

Cumulatively, these percentage increases by class result in an overall percentage increase for all Market Dominant products of 5.6 percent.

II. Supporting Justification

This section identifies where the information required by the various subparts of 39 C.F.R. § 3010.61(a) can be found in this Request, or in the materials accompanying it. As appropriate, that information may be briefly summarized. In accordance with part (b) of Rule 61, this section also identifies knowledgeable Postal Service officials who will provide prompt responses to Commission requests for clarification related to each topic specified in part (a) of Rule 61. As indicated below, much of the required information is provided in the statements of those officials.

The Postal Service is filing the statement of three postal officials to accompany this Request. Those statements are:

Statement of Joseph Corbett on Behalf of the United States Postal Service

Statement of Stephen J. Masse on Behalf of the United States Postal Service

Statement of James M. Kiefer on Behalf of the United States Postal Service

Joseph Corbett is the Postal Service's Chief Financial Officer. Stephen Masse is the Vice President, Finance and Planning. Dr. James Kiefer is a Pricing Economist. These are the knowledgeable postal officials who will be providing responses to requests for clarification regarding matters within the scope of their statements. The Postal Service also expects them to be the postal officials who will appear at the public hearing. In addition to the three statements, a variety of supporting material is also provided. A list of supporting materials is provided as Attachment C to this Request.

Rule 61(a) requires that each exigent request include:

(1) *A schedule of the proposed rates;*

The proposed rate schedules are included in Attachment A to this Request. The official most appropriate to provide prompt clarification of matters relating to the proposed rate schedules is James Kiefer.

(2) *Calculations quantifying the increase for each affected product and class;*

The calculations quantifying the increase for each product and class are included in USPS-R2010-4/1 through USPS-R2010-4/5. The official most appropriate to provide prompt clarification of matters relating to these calculations is James Kiefer.

(3) *A full discussion of the extraordinary or exceptional circumstance(s) giving rise to the request, and a complete explanation of how both the requested overall increase,*

and the specific rate increases requested, relate to those circumstances;

Full discussion of the extraordinary and exceptional circumstances giving rise to this exigent Request is found in the Statements of Joseph Corbett and Stephen Masse. The relationship between the exigent circumstances and the requested overall increase is discussed in the Statement of Joseph Corbett. The requested specific rate increases are discussed in the Statement of James Kiefer. Each official providing a Statement is the most appropriate person to clarify any issues relating to his Statement.

(4) A full discussion of why the requested increases are necessary to enable the Postal Service, under best practices of honest, efficient and economical management, to maintain and continue the development of postal services of the kind and quality adapted to the needs of the United States;

The profound inadequacy of routine responses to current circumstances is discussed in the Statement of Joseph Corbett. Conversely, the appropriateness and necessity of the requested exigent price changes is discussed in the Statements of Joseph Corbett and James Kiefer. These officials are the most appropriate to clarify any issues relating to their Statements.

(5) A full discussion of why the requested increases are reasonable and equitable as among types of users of market dominant products;

The specific price increases requested are discussed in the Statement of James Kiefer, which includes analysis of why they are reasonable and equitable. He is the official most appropriate to clarify any issues relating to the requested prices.

(6) An explanation of when, or under what circumstances, the Postal Service expects to be able to rescind the exigent increases in whole or in part;

Given the dire condition of the Postal Service's finances, the Postal Service does not anticipate the ability to rescind the exigent increases anytime soon. It is necessary for the Postal Service to pay down its outstanding debt before consideration of potential steps that could be taken to mitigate the effects of the requested increases is warranted. If favorable circumstances develop, however, the most reasonable way to rescind the effects of the exigent increases may be to limit a future routine rate adjustment (Type 1) to below-CPI levels. In other words, below-CPI increases could be used to "pay back" the above-CPI increases requested in this case. The official best positioned to respond to requests for clarification on this matter would be Joseph Corbett.

(7) An analysis of the circumstances giving rise to the request, which should, where applicable, include a discussion of whether the circumstances were foreseeable or could have been avoided by reasonable prior action; and

An analysis of the circumstances giving rise to this Request, and a discussion of whether they were foreseeable or avoidable, are provided in the Statement of Joseph Corbett. He is the most appropriate official to provide any requested clarification.

(8) Such other information as the Postal Service believes will assist the Commission to issue a timely determination of whether the requested increases are consistent with applicable statutory policies.

The Statements of Joseph Corbett, Stephen Masse, and James Kiefer, as well as the substantial supporting materials, provide a variety of information that will help the Commission make a timely determination of whether the requested exigent price increases are consistent with applicable statutory policies. These officials will be available to provide requested clarifications.

III. Mail Classification Product Description Changes

The Commission's rules specifically contemplate the possibility of Mail Classification (MCS) changes in an exigent case. Rule 3010.65(a)(3). Given the nature of the proceeding and the short 90-day statutory deadline, the Postal Service has attempted to minimize the scope of the MCS changes included in this filing. However, some beneficial programs requiring MCS changes are warranted, and the Postal Service is submitting these changes with its requested exigent price changes. Attachment A incorporates the new prices and related product description changes into a revised draft of the market-dominant section of the MCS.⁸

Revisions to the MCS are made in several products. Among the most notable proposals, a Reply Rides Free Program is added in First-Class Mail for Presorted Letters. Also, a Single-Piece Commercial price category is introduced for First-Class Mail Parcels. In Standard Mail, a Saturation and High Density Incentive Program is added. The Standard Mail Not Flat-Machinable/Parcels product is renamed Standard Parcels, and that product is divided into Marketing parcels and Fulfillment parcels. The Not Flat-Machinables price category is replaced by a Regular Marketing Parcels category. The half-pound rate cells are eliminated for Bound Printed Matter, and the Standard Mail denominations for Stamped Envelopes are eliminated.

⁸ This draft is the Postal Service's update based on what it believes to be the most current MCS draft. The proposed classification changes are shown in legislative format.

IV. Attachments

Attachment A shows the requested rate schedules and classification changes that have been incorporated into the requested Mail Classification Schedule.

Attachment B provides the calculations underlying what the estimated CPI-U cap would be if the Postal Service were to file a Type 1 rate adjustment. Attachment C is a list of supporting materials. Attachment D is an Application for Non-Public Treatment of the Non-Public Annex.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

R. Andrew German
Managing Counsel, Pricing & Product
Development

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing & Product Support

Anthony F. Alverno
Chief Counsel, Global Business

Jacob D. Howley
Eric P. Koetting
Elizabeth A. Reed
David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2989, Fax -5402
July 6, 2010

MAIL CLASSIFICATION CHANGES
(Additions are underlined and deletions are marked with strike-through)

1100 **First-Class Mail**

* * * * *

1105 **Single-Piece Letters/Postcards**

* * * * *

1105.5 Prices

Single-Piece Machinable Letters¹

Maximum Weight (ounces)	Machinable Letters (\$)
1	0.46
2	0.64
3	0.82
3.5	1.00

Notes

1. The price for single-piece, first ounce letters also applies to sales of Forever stamps at the time of purchase.

Single-Piece Nonmachinable Letters

Maximum Weight (ounces)	Nonmachinable Letters (\$)
1	0.67
2	0.85
3	1.03
3.5	1.21

Single-Piece QBRM Letters

Maximum Weight (ounces)	QBRM Letters (\$)
1	0.435
2	0.615

Single-Piece Postcards

Maximum Weight (ounces)	Postcards (\$)	Single-Piece Double Card (\$)
not applicable	0.30	0.60

Single-Piece QBRM Postcards

Maximum Weight (ounces)	QBRM Postcards (\$)
not applicable	0.275

1110 Presorted Letters/Postcards

* * * * *

1110.4 Optional Features

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

- Ancillary Services (1505)
 - Address Correction Service (1505.1)
 - Business Reply Mail (1505.3)
 - Certified Mail (1505.5)
 - Certificate of Mailing (1505.6)
 - Collect on Delivery (1505.7)
 - Insurance (1505.9)
 - Registered Mail Service (1505.12)
 - Return Receipt (1505.13)
 - Restricted Delivery (1505.15)
 - Special Handling (1505.18)

- Repositionable Notes: presorted letters only

- Full-service Intelligent Mail Option: automation letters and postcards only

- Reply Rides Free Program

1110.5 Prices

Automation Letters

Maximum Weight (ounces)	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)
1	0.356	0.378	0.381	0.405
2	0.481	0.503	0.506	0.530
3	0.606	0.628	0.631	0.655
3.5	0.731	0.753	0.756	0.780

Machinable Letters

Maximum Weight (ounces)	Presorted (\$)
1	0.433
2	0.558
3	0.683
3.5	0.808

Nonmachinable Letters

Maximum Weight (ounces)	Presorted (\$)
1	0.643
2	0.768
3	0.893
3.5	1.018

Letters including a Repositionable Note

Add \$0.005 for each piece bearing a Repositionable Note.

Full-service Intelligent Mail Option

Subtract \$0.003 for each automation letter that complies with the requirements for the full-service Intelligent Mail option.

Move Update Assessment Charge

Add \$0.07 per assessed piece, for mailings with less than 7075 percent of mailpieces passing a Performance Based Verification at acceptance and which cannot demonstrate compliance with Move Update requirements.

Reply Rides Free Program

Provides a per-piece credit (equal to the amount paid for the second ounce) on all qualifying pieces mailed during the program period above an established threshold, for mailers enrolled in the program. Qualifying pieces must be automation First-Class Mail letters mailed under the full-service Intelligent Mail Option and must contain a reply card or envelope, either courtesy reply or business reply.

Automation Postcards

Maximum Weight (ounces)	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)
not applicable	0.218	0.230	0.231	0.241

Full-service Intelligent Mail Option

Subtract \$0.003 for each automation postcard that complies with the requirements for the full-service Intelligent Mail option.

Machinable Postcards

Maximum Weight (ounces)	Presorted (\$)
not applicable	0.256

1115 Flats

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1115.5 Prices

Automation Flats

Maximum Weight (ounces)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
1	0.442	0.629	0.701	0.800
2	0.622	0.809	0.881	0.980
3	0.802	0.989	1.061	1.160
4	0.982	1.169	1.241	1.340
5	1.162	1.349	1.421	1.520
6	1.342	1.529	1.601	1.700
7	1.522	1.709	1.781	1.880
8	1.702	1.889	1.961	2.060
9	1.882	2.069	2.141	2.240
10	2.062	2.249	2.321	2.420
11	2.242	2.429	2.501	2.600
12	2.422	2.609	2.681	2.780
13	2.602	2.789	2.861	2.960

Full-service Intelligent Mail Option

Subtract \$0.003 for each automation flat that complies with the requirements for the full-service Intelligent Mail option.

Presorted Flats

Maximum Weight (ounces)	Presorted (\$)
1	0.866
2	1.046
3	1.226
4	1.406
5	1.586
6	1.766
7	1.946
8	2.126
9	2.306
10	2.486
11	2.666
12	2.846
13	3.026

Single-Piece Flats

Maximum Weight (ounces)	Single-Piece (\$)
1	0.92
2	1.10
3	1.28
4	1.46
5	1.64
6	1.82
7	2.00
8	2.18
9	2.36
10	2.54
11	2.72
12	2.90
13	3.08

Flats including a Repositionable Note

Add \$0.005 for each piece bearing a Repositionable Note.

Move Update Assessment Charge

Add \$0.07 per assessed piece, for mailings with less than ~~70~~75 percent of mailpieces passing a Performance Based Verification at acceptance and which cannot demonstrate compliance with Move Update requirements.

1120 Parcels

1120.1 Size and Weight Limitations

Parcels (Single-Piece (Retail and Commercial) and Mixed ADG)

	Length	Height	Thickness	Weight
Minimum	large enough to accommodate postage, address, and other required elements on the address side			None
Maximum	108 inches in combined length and girth			13 ounces

Parcels (ADC, 3-Digit, and 5-Digit)

	Length	Height	Thickness	Weight
Minimum	3.5 inches	3.0 inches	0.05 inch	none
Maximum	18 inches	15 inches	22 inch	13 ounces

Parcels (Keys and Identification Devices)

	Length	Height	Thickness	Weight
Minimum	not applicable			none
Maximum	not applicable			2 pounds

1120.2 Minimum Volume Requirements

		Minimum Volume Requirements
Parcels	Single-Piece (<u>Retail</u>)	none
	<u>Single-Piece (Commercial)</u> Mixed ADG	none
	ADC	500 pieces per mailing
	3-Digit	500 pieces per mailing
	5-Digit	500 pieces per mailing
	Keys and Identification Devices	none

1120.3 Price Categories

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

- Presorted
 - 5-Digit
 - 3-Digit
 - ADC
- Presorted Nonbarcoded or Nonmachinable (Weights less than 2 ounces, is not barcoded, or does not meet the machinability requirements)
 - 3-Digit
 - ADC
- Single-Piece or Mixed ADC
 - Retail
 - Commercial
- Keys and Identification Devices (Payment is due on delivery unless an active business reply mail advance deposit account is used)
- Move Update Assessment Charge

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1120.5 Prices

Presorted Parcels

Maximum Weight (ounces)	5-Digit (\$)	3-Digit (\$)	ADC (\$)
1	1.122	1.254	1.340
2	1.122	1.254	1.340
3	1.122	1.254	1.340
4	1.292	1.424	1.510
5	1.462	1.594	1.680
6	1.632	1.764	1.850
7	1.802	1.934	2.020
8	1.972	2.104	2.190
9	2.142	2.274	2.360
10	2.312	2.444	2.530
11	2.482	2.614	2.700
12	2.652	2.784	2.870
13	2.822	2.954	3.040

Presorted Nonbarcoded or Nonmachinable Parcels

Maximum Weight (ounces)	3-Digit (\$)	ADC (\$)
1	1.304	1.390
2	1.304	1.390
<u>3</u>	1.304	1.390
<u>4</u>	1.474	1.560
<u>5</u>	1.644	1.730
<u>6</u>	1.814	1.900
<u>7</u>	1.984	2.070
<u>8</u>	2.154	2.240
<u>9</u>	2.324	2.410
<u>10</u>	2.494	2.580
<u>11</u>	2.664	2.750
<u>12</u>	2.834	2.920
<u>13</u>	3.004	3.090

Single-Piece and Presorted Mixed ADC Parcels

Maximum Weight (ounces)	<u>Single-Piece (Retail)</u> (\$)	<u>Single-Piece (Commercial)</u> Mixed ADC (\$)
1	1.71	1.61
2	1.71	1.61
3	1.71	1.61
4	1.88	1.78
5	2.05	1.95
6	2.22	2.12
7	2.39	2.29
8	2.56	2.46
9	2.73	2.63
10	2.90	2.80
11	3.07	2.97
12	3.24	3.14
13	3.41	3.31

Keys and Identification Devices

Maximum Weight (ounces)	Keys and Identification Devices (\$)
1	2.48
2	2.48
3	2.48
4	2.65
5	2.82
6	2.99
7	3.16
8	3.33
9	3.50
10	3.67
11	3.84
12	4.01
13	4.18
1 (pound)	*
2 (pounds)	*

*Priority Mail Retail Zone 4 postage, as of January 2, 2011, plus \$0.77.

Move Update Assessment Charge

Add \$0.07 per assessed piece, for mailings with less than ~~70~~75 percent of mailpieces passing a Performance Based Verification at acceptance and which cannot demonstrate compliance with Move Update requirements.

1125 Outbound Single-Piece First-Class Mail International

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1125.6 Prices

Machinable Letters

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	0.80	0.80	1.06	1.06	1.06	1.02	1.02	1.02	1.02
2	1.08	1.36	1.94	1.94	1.94	1.82	1.82	1.82	1.82
3	1.36	1.92	2.82	2.82	2.82	2.62	2.62	2.62	2.62
3.5	1.64	2.48	3.70	3.70	3.70	3.42	3.42	3.42	3.42

Nonmachinable Letters

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	1.01	1.01	1.27	1.27	1.27	1.23	1.23	1.23	1.23
2	1.29	1.57	2.15	2.15	2.15	2.03	2.03	2.03	2.03
3	1.57	2.13	3.03	3.03	3.03	2.83	2.83	2.83	2.83
3.5	1.85	2.69	3.91	3.91	3.91	3.63	3.63	3.63	3.63

Postcards

Maximum Weight (ounces)	Canada (\$)	Mexico (\$)	All Other Countries (\$)
not applicable	0.80	0.80	1.00

Large Envelopes (Flats)

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	1.08	1.08	1.30	1.30	1.30	1.30	1.30	1.30	1.30
2	1.34	1.65	2.18	2.18	2.18	2.12	2.12	2.12	2.12
3	1.60	2.22	3.06	3.06	3.06	2.94	2.94	2.94	2.94
4	1.86	2.79	3.94	3.94	3.94	3.76	3.76	3.76	3.76
5	2.12	3.36	4.82	4.82	4.82	4.58	4.58	4.58	4.58
6	2.38	3.93	5.70	5.70	5.70	5.40	5.40	5.40	5.40
7	2.64	4.50	6.58	6.58	6.58	6.22	6.22	6.22	6.22
8	2.90	5.07	7.46	7.46	7.46	7.04	7.04	7.04	7.04
12	3.94	6.71	9.26	9.26	9.26	8.80	8.80	8.80	8.80
16	4.98	8.35	11.06	11.06	11.06	10.56	10.56	10.56	10.56
20	6.02	9.99	12.86	12.86	12.86	12.32	12.32	12.32	12.32
24	7.06	11.63	14.66	14.66	14.66	14.08	14.08	14.08	14.08
28	8.10	13.27	16.46	16.46	16.46	15.84	15.84	15.84	15.84
32	9.14	14.91	18.26	18.26	18.26	17.60	17.60	17.60	17.60
36	10.18	16.55	20.06	20.06	20.06	19.36	19.36	19.36	19.36
40	11.22	18.19	21.86	21.86	21.86	21.12	21.12	21.12	21.12
44	12.26	19.83	23.66	23.66	23.66	22.88	22.88	22.88	22.88
48	13.30	21.47	25.46	25.46	25.46	24.64	24.64	24.64	24.64
52	14.34	23.11	27.26	27.26	27.26	26.40	26.40	26.40	26.40
56	15.38	24.75	29.06	29.06	29.06	28.16	28.16	28.16	28.16
60	16.42	26.39	30.86	30.86	30.86	29.92	29.92	29.92	29.92
64	17.46	28.03	32.66	32.66	32.66	31.68	31.68	31.68	31.68

Packages Small Packets, including Rolls

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	1.72	1.72	1.72	1.72	1.72	1.72	1.72	1.72	1.72
2	1.98	2.29	2.59	2.59	2.59	2.53	2.53	2.53	2.53
3	2.24	2.86	3.46	3.46	3.46	3.34	3.34	3.34	3.34
4	2.50	3.43	4.33	4.33	4.33	4.15	4.15	4.15	4.15
5	2.76	4.00	5.20	5.20	5.20	4.96	4.96	4.96	4.96
6	3.02	4.57	6.07	6.07	6.07	5.77	5.77	5.77	5.77
7	3.28	5.14	6.94	6.94	6.94	6.58	6.58	6.58	6.58
8	3.54	5.71	7.81	7.81	7.81	7.39	7.39	7.39	7.39
12	4.56	7.33	9.60	9.60	9.60	9.14	9.14	9.14	9.14
16	5.58	8.95	11.39	11.39	11.39	10.89	10.89	10.89	10.89
20	6.60	10.57	13.18	13.18	13.18	12.64	12.64	12.64	12.64
24	7.62	12.19	14.97	14.97	14.97	14.39	14.39	14.39	14.39
28	8.64	13.81	16.76	16.76	16.76	16.14	16.14	16.14	16.14
32	9.66	15.43	18.55	18.55	18.55	17.89	17.89	17.89	17.89
36	10.68	17.05	20.34	20.34	20.34	19.64	19.64	19.64	19.64
40	11.70	18.67	22.13	22.13	22.13	21.39	21.39	21.39	21.39
44	12.72	20.29	23.92	23.92	23.92	23.14	23.14	23.14	23.14
48	13.74	21.91	25.71	25.71	25.71	24.89	24.89	24.89	24.89
52	14.76	23.53	27.50	27.50	27.50	26.64	26.64	26.64	26.64
56	15.78	25.15	29.29	29.29	29.29	28.39	28.39	28.39	28.39
60	16.80	26.77	31.08	31.08	31.08	30.14	30.14	30.14	30.14
64	17.82	28.39	32.87	32.87	32.87	31.89	31.89	31.89	31.89

1200 Standard Mail (Commercial and Nonprofit)

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Products Included in Class

High Density and Saturation Letters (1205)

High Density and Saturation Flats/Parcels (1210)

Carrier Route (1215)

Letters (1220)

Flats (1225)

Not Flat-Machinables (NFM)s/ Parcels (1230)

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1205 High Density and Saturation Letters

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1205.4 Optional Features

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

- Forwarding-and-Return Service
- Repositionable Notes
- Ancillary Services (1505)
 - Address Correction Service (1505.1)
 - Certificate of Mailing (1505.6)
- Full-service Intelligent Mail Option
- ~~Saturation Mail Volume Incentive Program-saturation only~~
- Saturation and High Density Incentive Program

1205.5 Prices

Saturation Letters (3.3 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.188	0.113
DNDC	0.155	0.080
DSCF	0.146	0.071

High Density Letters (3.3 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.199	0.124
DNDC	0.166	0.091
DSCF	0.157	0.082

Pieces weighing more than 3.3 ounces

Letter-shaped pieces that weigh more than 3.3 ounces but not more than 3.5 ounces pay the applicable flats piece and pound rate but receive a discount off the piece rate equal to the minimum flats per piece rate minus the minimum letter per piece rate corresponding to the applicable non-dropshipped entry point and applicable density tier.

Letters including a Repositionable Note

Add \$0.015 for each letter bearing a Repositionable Note.

Move Update Assessment Charge

Add \$0.07 per assessed piece, for mailings with less than ~~70~~75 percent of mailpieces passing a Performance Based Verification at acceptance and which cannot demonstrate compliance with Move Update requirements.

Move Update Noncompliance Charge

Add \$0.07 per piece in a mailing that does not comply with the Move Update standards

Forwarding-and-Return Service

If Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.35 per piece and returned letters pay the applicable First-Class Mail price. All

other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

Full-service Intelligent Mail Option

Subtract \$0.001 for each letter that complies with the requirements for the full-service Intelligent Mail option.

~~Saturation Mail Volume Incentive Program~~

~~Commercial Saturation Letters: Provide a per-piece credit of \$0.037 on incremental volume recorded during the established program period, for mailers that comply with the application and eligibility requirements of the program.~~

~~Nonprofit Saturation Letters: Provide a per-piece credit of \$0.022 on incremental volume recorded during the established program period, for mailers that comply with the application and eligibility requirements of the program.~~

Saturation and High Density Incentive Program

Commercial Saturation Letters: Provide a per-piece credit of 22 percent of the average revenue per piece during the program period, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.

Nonprofit Saturation Letters: Provide a per-piece credit of 8 percent of the average revenue per piece during the program period, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.

Commercial High Density Letters: Provide a per-piece credit of 13 percent of the average revenue per piece during the program period, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.

Nonprofit High Density Letters: Provide a per-piece credit of 8 percent of the average revenue per piece during the program period, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.

1210 High Density and Saturation Flats/Parcels

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1210.4 Optional Features

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

- Detached Address Labels
- Forwarding-and-Return Services
- Repositionable Notes: flats only
- Ancillary Services (1505)
 - Address Correction Service (1505.1)
 - Bulk Parcel Return Service: parcels only (1505.4)
 - Certificate of Mailing (1505.6)
 - Delivery Confirmation: parcels only (1505.8)
 - Bulk Insurance: parcels only (1505.9)
 - Return Receipt: parcels only (1505.13)
 - Restricted Delivery: parcels only (1505.15)
 - Shipper-Paid Forwarding: parcels only (1505.16)
- Full-service Intelligent Mail Option: high density flats only
- ~~Saturation Mail Volume Incentive Program-saturation flats only~~
- Saturation and High Density Incentive Program

1210.5 Prices

Saturation Flats (3.3 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.202	0.127
DNDC	0.167	0.092
DSCF	0.158	0.083
DDU	0.149	0.074

Saturation Flats (greater than 3.3 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Per Piece

	Commercial (\$)	Nonprofit (\$)
Per Piece	0.076	0.036

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.610	0.440
DNDC	0.441	0.271
DSCF	0.398	0.228
DDU	0.354	0.184

Saturation Parcels (3.3 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.500	0.375
DNDC	0.457	0.332
DSCF	0.380	0.255
DDU	0.328	0.203

Saturation Parcels (greater than 3.3 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Per Piece

	Commercial (\$)	Nonprofit (\$)
Per Piece	0.293	0.203

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	1.005	0.835
DNDC	0.797	0.627
DSCF	0.422	0.252
DDU	0.171	0.001

High Density Flats (3.3 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.227	0.152
DNDC	0.192	0.117
DSCF	0.183	0.108
DDU	0.174	0.099

High Density Flats (greater than 3.3 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Per Piece

	Commercial (\$)	Nonprofit (\$)
Per Piece	0.101	0.061

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.610	0.440
DNDC	0.441	0.271
DSCF	0.398	0.228
DDU	0.354	0.184

High Density Parcels (3.3 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.508	0.383
DNDC	0.465	0.340
DSCF	0.388	0.263
DDU	0.336	0.211

High Density Parcels (greater than 3.3 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Per Piece

	Commercial (\$)	Nonprofit (\$)
Per Piece	0.301	0.211

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	1.005	0.835
DNDC	0.797	0.627
DSCF	0.422	0.252
DDU	0.171	0.001

Flats including a Repositionable Note

Add \$0.015 for each flat bearing a Repositionable Note.

Move Update Assessment Charge

Add \$0.07 per assessed piece, for mailings with less than 7075 percent of mailpieces passing a Performance Based Verification at acceptance and which cannot demonstrate compliance with Move Update requirements.

Move Update Noncompliance Charge

Add \$0.07 per piece in a mailing that does not comply with the Move Update standards

Pieces including a Detached Address Label

Add \$0.017 for each piece addressed using a Detached Address Label.

Full-service Intelligent Mail Option

Subtract \$0.001 for each high density flat that complies with the requirements for the full-service Intelligent Mail option.

Forwarding-and-Return Service

If used in conjunction with electronic or automated Address Correction Service, forwarded flats pay \$1.05 per piece and returned flats the applicable First-Class Mail price. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

~~Saturation Mail Volume Incentive Program~~

~~Commercial Saturation Flats:~~

~~Provide a per-piece credit of \$0.04 on incremental volume recorded during the established program period, for mailers that comply with the application and eligibility requirements of the program.~~

~~Nonprofit Saturation Flats:~~

~~Provide a per-piece credit of \$0.024 on incremental volume recorded during the established program period, for mailers that comply with the application and eligibility requirements of the program.~~

Saturation and High Density Incentive Program

Commercial Saturation Flats: Provide a per-piece credit of 22 percent of the average revenue per piece during the program period, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.

Nonprofit Saturation Flats: Provide a per-piece credit of 8 percent of the average revenue per piece during the program period, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.

Commercial High Density Flats: Provide a per-piece credit of 13 percent of the average revenue per piece during the program period, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.

Nonprofit High Density Flats: Provide a per-piece credit of 8 percent of the average revenue per piece during the program period, on incremental volume above an established threshold, for mailers that comply with the enrollment and eligibility requirements of the program.

1215 Carrier Route

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1215.5 Prices

Carrier Route Letters (3.3 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.274	0.203
DNDC	0.239	0.168
DSCF	0.230	0.159

Carrier Route Letters (greater than 3.3 ounces)

Letter-shaped pieces that weigh more than 3.3 ounces but not more than 3.5 ounces pay the applicable flats piece and pound rate but receive a discount off the piece rate equal to the minimum flats per piece rate minus the minimum letter per piece rate corresponding to the applicable non-dropshipped entry point and applicable density tier.

Carrier Route Flats (3.3 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.274	0.203
DNDC	0.239	0.168
DSCF	0.230	0.159
DDU	0.221	0.150

Carrier Route Flats (greater than 3.3 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Per Piece

	Commercial (\$)	Nonprofit (\$)
Per Piece	0.128	0.092

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.708	0.538
DNDC	0.539	0.369
DSCF	0.496	0.326
DDU	0.452	0.282

Carrier Route Parcels (3.3 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.630	0.535
DNDC	0.587	0.492
DSCF	0.510	0.415
DDU	0.458	0.363

Carrier Route Parcels (greater than 3.3 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Per Piece

	Commercial (\$)	Nonprofit (\$)
Per Piece	0.423	0.363

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	1.005	0.835
DNDC	0.797	0.627
DSCF	0.422	0.252
DDU	0.171	0.001

Letters and flats including a Repositionable Note

Add \$0.015 for each letter or flat bearing a Repositionable Note.

Move Update Assessment Charge

Add \$0.07 per assessed piece, for mailings with less than ~~70~~75 percent of mailpieces passing a Performance Based Verification at acceptance and which cannot demonstrate compliance with Move Update requirements.

Move Update Noncompliance Charge

Add \$0.07 per piece in a mailing that does not comply with the Move Update standards

Flats and Parcels including a Detached Address Label

Add \$0.017 for each piece addressed using a Detached Address Label.

Forwarding-and-Return Service

If used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.35 per piece, forwarded flats pay \$1.05 per piece and returned letters and flats pay the applicable First-Class Mail price. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

Full-service Intelligent Mail Option

Subtract \$0.001 for each carrier route letter or flat that complies with the requirements for the full-service Intelligent Mail option.

1220 Letters

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1220.5 Prices

Automation Letters (3.3 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)
Origin	0.243	0.263	0.265	0.282	0.132	0.152	0.154	0.171
DNDC	0.210	0.230	0.232	0.249	0.099	0.119	0.121	0.138
DSCF	0.201	0.221	0.223	n/a	0.090	0.110	0.112	n/a

Machinable Letters (3.3 ounces or less)

Entry Point	Commercial		Nonprofit	
	AADC (\$)	Mixed AADC (\$)	AADC (\$)	Mixed AADC (\$)
Origin	0.268	0.285	0.157	0.174
DNDC	0.235	0.252	0.124	0.141
DSCF	0.226	n/a	0.115	n/a

Nonmachinable Letters (3.3 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.350	0.465	0.491	0.603	0.239	0.354	0.391	0.503
DNDC	0.317	0.432	0.458	0.570	0.206	0.321	0.358	0.470
DSCF	0.308	0.423	0.449	n/a	0.197	0.312	0.349	n/a

Pieces weighing more than 3.3 ounces

Letter-shaped pieces that weigh more than 3.3 ounces but not more than 3.5 ounces pay the applicable flats piece and pound rate but receive a discount off the piece rate equal to the minimum flats per piece rate

minus the minimum letter per piece rate corresponding to the applicable ~~density~~ non-dropshipped entry point and ~~density~~ applicable presort tier.

Letters including a Repositionable Note

Add \$0.015 for each letter bearing a Repositionable Note.

Move Update Assessment Charge

Add \$0.07 per assessed piece, for mailings with less than ~~70~~75 percent of mailpieces passing a Performance Based Verification at acceptance and which cannot demonstrate compliance with Move Update requirements.

Move Update Noncompliance Charge

Add \$0.07 per piece in a mailing that does not comply with the Move Update standards

Forwarding-and-Return Service

If Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.35 per piece and returned letters pay the applicable First-Class Mail price. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

Full-service Intelligent Mail Option

Subtract \$0.001 for each automation letter that complies with the requirements for the full-service Intelligent Mail option.

1225 Flats

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1225.5 Prices

Automation Flats (3.3 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.359	0.454	0.517	0.517	0.220	0.307	0.376	0.378
DNDC	0.324	0.419	0.482	0.482	0.185	0.272	0.341	0.343
DSCF	0.315	0.410	0.473	n/a	0.176	0.263	0.332	n/a

Automation Flats (greater than 3.3 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Per Piece

	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Per Piece	0.205	0.300	0.363	0.363	0.087	0.174	0.243	0.245

b. Per Pound

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.745	0.745	0.745	0.745	0.646	0.646	0.646	0.646
DNDC	0.576	0.576	0.576	0.576	0.477	0.477	0.477	0.477
DSCF	0.533	0.533	0.533	n/a	0.434	0.434	0.434	n/a

Nonautomation Flats (3.3 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.381	0.466	0.536	0.594	0.242	0.335	0.395	0.453
DNDC	0.346	0.431	0.501	0.559	0.207	0.300	0.360	0.418
DSCF	0.337	0.422	0.492	n/a	0.198	0.291	0.351	n/a

Nonautomation Flats (greater than 3.3 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Per Piece

	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Per Piece	0.227	0.312	0.382	0.440	0.109	0.202	0.262	0.320

b. Per Pound

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.745	0.745	0.745	0.745	0.646	0.646	0.646	0.646
DNDC	0.576	0.576	0.576	0.576	0.477	0.477	0.477	0.477
DSCF	0.533	0.533	0.533	n/a	0.434	0.434	0.434	n/a

Customized Market Mail Prices

	Commercial (\$)	Nonprofit (\$)
Per Piece	0.460	0.334

Flats including a Repositionable Note

Add \$0.015 for each flat bearing a Repositionable Note.

Move Update Assessment Charge

Add \$0.07 per assessed piece, for mailings with less than ~~70~~75 percent of mailpieces passing a Performance Based Verification at acceptance and which cannot demonstrate compliance with Move Update requirements.

Move Update Noncompliance Charge

Add \$0.07 per piece in a mailing that does not comply with the Move Update standards

Forwarding-and-Return Service

If Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, forwarded flats pay \$1.05 per piece and returned flats pay the applicable First-Class Mail price. All other flats requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

Full-service Intelligent Mail Option

Subtract \$0.001 for each automation flat that complies with the requirements for the full-service Intelligent Mail option.

1230 ~~Not Flat-Machinables (NFMs)/Parcels~~

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1230.1 Size and Weight Limitations

~~Not Flat-Machinables~~ Marketing Parcels

	Length	Height	Thickness	Weight
Minimum ¹	4 inches <u>none</u>	4 inches <u>none</u>	0.009 inch	None
Maximum	45 <u>12</u> inches	42 <u>9</u> inches	4.25 <u>2</u> inches	<16 ounces

Notes

1. Pieces less than 3 ½ inches high or 5 inches long must be over ~~¼~~ 0.25 inch thick.

Fulfillment Parcels

	Length	Height	Thickness	Weight
Minimum	large enough to accommodate postage, address, and other required elements on the address side			None
Maximum	108 inches in combined length and girth			<16 ounces

1230.2 Minimum Volume Requirements

	Minimum Volume Requirements
Not Flat-Machinables (NFMs)/Parcels	200 pieces or 50 pounds per mailing

1230.3 Price Categories

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

- ~~Not Flat-Machinables (NFMs)~~ Regular Marketing Parcels
 - 5-Digit
DDU, DSCF, and DNDC entry levels.
Commercial and Nonprofit eligible.
 - SCF
DSCF and DNDC entry levels
Commercial and Nonprofit eligible.

- NDC
DNDC and Origin entry levels
Commercial and Nonprofit eligible.
- Mixed NDC
Origin entry levels
Commercial and Nonprofit eligible.
- Machinable Fulfillment Parcels
 - 5-Digit
DDU, DSCF, and DNDC entry levels
Commercial and Nonprofit eligible
 - NDC
DNDC and Origin entry levels
Commercial and Nonprofit eligible
 - Mixed NDC
Origin entry level
Commercial and Nonprofit eligible
- Irregular Fulfillment Parcels (Do not meet the machinability requirements for machinable parcels.)
 - 5-Digit
DDU, DSCF, and DNDC entry levels
Commercial and Nonprofit eligible
 - SCF
DSCF and DNDC entry levels
Commercial and Nonprofit eligible
 - NDC
DNDC and Origin entry levels
Commercial and Nonprofit eligible
 - Mixed NDC
Origin entry levels
Commercial and Nonprofit eligible
- Move Update Assessment Charge
- Move Update Noncompliance Charge

1230.5 Prices

~~Not Flat-Machinables~~ Regular Marketing Parcels (3.3 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	n/a	1.158	2.078	n/a	n/a	1.017	1.863
DNDC	0.676	0.749	1.115	n/a	0.562	0.635	0.975	n/a
DSCF	0.598	0.671	n/a	n/a	0.484	0.557	n/a	n/a
DDU	0.546	n/a	n/a	n/a	0.432	n/a	n/a	n/a

~~Not Flat-Machinables~~ Regular Marketing Parcels (greater than 3.3 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Per Piece

	Commercial				Nonprofit			
	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	0.471	0.544	0.910	1.830	0.371	0.444	0.784	1.630

b. Per Pound

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	n/a	1.200	1.200	n/a	n/a	1.132	1.132
DNDC	0.992	0.992	0.992	n/a	0.924	0.924	0.924	n/a
DSCF	0.617	0.617	n/a	n/a	0.549	0.549	n/a	n/a
DDU	0.366	n/a	n/a	n/a	0.298	n/a	n/a	n/a

Machinable Fulfillment Parcels Prices (greater than 3.3 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Per Piece

	Commercial			Nonprofit		
	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	0.577	0.941	1.289	0.397	0.806	1.199

b. Per Pound

Entry Point	Commercial			Nonprofit		
	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	1.227	1.227	n/a	1.138	1.138
DNDC	1.019	1.019	n/a	0.930	0.930	n/a
DSCF	0.644	n/a	n/a	0.555	n/a	n/a
DDU	0.393	n/a	n/a	0.304	n/a	n/a

Irregular Fulfillment Parcels (3.3 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	n/a	1.592	2.300	n/a	n/a	1.394	2.102
DNDC	0.787	1.057	1.549	n/a	0.589	0.859	1.351	n/a
DSCF	0.710	0.980	n/a	n/a	0.511	0.781	n/a	n/a
DDU	0.658	n/a	n/a	n/a	0.460	n/a	n/a	n/a

Irregular Fulfillment Parcels (greater than 3.3 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Per Piece

	Commercial				Nonprofit			
	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	0.577	0.847	1.339	2.047	0.397	0.667	1.159	1.867

b. Per Pound

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin	n/a	n/a	1.227	1.227	n/a	n/a	1.138	1.138
DNDC	1.019	1.019	1.019	n/a	0.930	0.930	0.930	n/a
DSCF	0.644	0.644	n/a	n/a	0.555	0.555	n/a	n/a
DDU	0.393	n/a	n/a	n/a	0.304	n/a	n/a	n/a

Move Update Assessment Charge

Add \$0.07 per assessed piece, for mailings with less than ~~70~~75 percent of mailpieces passing a Performance Based Verification at acceptance and which cannot demonstrate compliance with Move Update requirements.

Move Update Noncompliance Charge

Add \$0.07 per piece in a mailing that does not comply with the Move Update standards

Forwarding-and-Return Service

Pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price or Priority Mail price for the piece plus the price multiplied by a factor of 2.472.

Non-barcoded Parcels and ~~Not-Flat-Machinable~~ Surcharge

For non-barcoded Parcels and ~~Not-Flat-Machinable~~ pieces, add \$0.07 per piece. The ~~S~~surcharge does not apply to pieces sorted to 5-digit ZIP Codes.

1300 Periodicals

1305 Within County Periodicals

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1305.6 Prices

Within-County Automation

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Pound Rates (per pound or fraction thereof)

Entry Point	Price (\$)
DDU	0.152
Non-DDU	0.198

b. Piece Rates (per addressed piece)

Presort Level	Letters (\$)	Flats (\$)
5-Digit	0.051	0.107
3-Digit	0.053	0.114
Basic	0.063	0.123

Within-County Nonautomation

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Pound Rates (per pound or fraction thereof)

Entry Point	Price (\$)
DDU	0.152
Non-DDU	0.198

b. Piece Rates (per addressed piece)

Presort Level	Letters, Flats, and Parcels (\$)
Carrier Route Saturation	0.032
Carrier Route High Density	0.048
Carrier Route Basic	0.064
5-Digit	0.113
3-Digit	0.127
Basic	0.140

Worksharing Discount for DDU

Each DDU entered piece receives a discount of ~~\$0.008~~ \$0.009.

Within-County Periodicals including a Repositionable Note

Add \$0.005 for each piece bearing a Repositionable Note.

Full-service Intelligent Mail Option

Subtract \$0.001 for each automation or Carrier Route letter or flat that complies with the requirements for the full-service Intelligent Mail option.

Within-County Periodicals including a Ride-Along piece

Add \$0.165 for a Ride-Along item enclosed with or attached to a Within-County Periodical.

1310 Outside County Periodicals

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1310.6 Prices

Charges are computed by adding the appropriate per-piece charge, per-bundle charge, per-sack charge, and per-pallet charge to the sum of the editorial (nonadvertising) pound portion and the advertising pound portion, as applicable.

Pound Rates (per pound or fraction thereof)

Entry Level or Zone	Regular		Science of Agriculture	
	Advertising (\$)	Editorial (\$)	Advertising (\$)	Editorial (\$)
DDU	0.142	0.118	0.107	0.118
DSCF	0.217	0.180	0.163	0.180
DADC	0.230	0.191	0.173	0.191
Zones 1 & 2	0.257	0.213	0.193	0.213
Zone 3	0.281	0.213	0.281	0.213
Zone 4	0.343	0.213	0.343	0.213
Zone 5	0.438	0.213	0.438	0.213
Zone 6	0.537	0.213	0.537	0.213
Zone 7	0.658	0.213	0.658	0.213
Zone 8	0.760	0.213	0.760	0.213

Piece Rate (per addressed piece)

a. Carrier Route Letters, Flats, and Parcels

Bundle Level	Letters, Flats, and Parcels (\$)
Saturation	0.143
High Density	0.164
Basic	0.194

b. Barcoded Letters

Bundle Level	Barcoded Letters (\$)
5-Digit	0.211
3-Digit/SCF	0.276
ADC	0.298
Mixed ADC	0.341

c. Machinable Flats and Nonbarcoded Letters

Bundle Level	Barcoded Flats (\$)	Nonbarcoded Flats (\$)	Nonbarcoded Letters (\$)
5-Digit	0.292	0.310	0.310
3-Digit/SCF	0.392	0.415	0.415
ADC	0.408	0.433	0.433
Mixed ADC	0.437	0.471	0.471

d. Nonmachinable Flats and Parcels

Bundle Level	Barcoded Flats (\$)	Nonbarcoded Flats (\$)	Parcels (\$)
5-Digit	0.325	0.326	0.326
3-Digit/SCF	0.441	0.452	0.452
ADC	0.506	0.532	0.532
Mixed ADC	0.608	0.657	0.657

e. Editorial Adjustment

A per piece editorial adjustment is provided by subtracting ~~\$0.00098~~ \$0.00106 for each 1 percent of editorial (nonadvertising) content from the applicable piece rate.

f. Firm Bundle Piece Rate

Firm bundles are charged a single piece price of ~~\$0.178~~ \$0.193.

Bundle Rates (per bundle)

Bundle Level	Container Level			
	Carrier Route/ 5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
Firm	0.083	0.148	0.161	0.194
Carrier Route	0.159	0.302	0.340	
5-Digit	0.152	0.157	0.216	0.299
3-Digit/SFC		0.135	0.198	0.289
ADC			0.120	0.218
Mixed ADC				0.083

Container Rates (per pallet, tray, or sack)

a. Pallet Container

Entry Point	5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)
DDU	1.734		
DSCF	22.103	12.027	
DADC	32.722	22.428	13.435
DNDC	34.564	25.787	24.270
Origin	50.853	40.237	33.947

b. Tray or Sack Container

Entry Point	Carrier Route/ 5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	0.975			
DSCF	1.409	0.867		
DADC	1.842	1.300	0.867	
DNDC	2.167	1.625	1.517	
Origin	2.925	2.275	2.178	0.455

Outside-County Periodicals including a Repositionable Note
Add \$0.015 for each piece bearing a Repositionable Note.

Outside-County Periodicals including a Ride-Along piece

Add \$0.165 for a Ride-Along item enclosed with or attached to a ~~Within-~~
an Outside County Periodical.

Full-service Intelligent Mail Option

Subtract \$0.001 for each barcoded or Carrier Route letter or flat that
complies with the requirements for the full-service Intelligent Mail option.

Publications eligible for Nonprofit and Classroom price categories

Publications qualified as Nonprofit, Classroom, and Limited Circulation
receive a 5 percent discount on all components of postage except
advertising pounds.

The 5 percent discount does not apply to commingled nonsubscriber,
nonrequestor, complimentary, and sample copies in excess of the 10
percent allowance, or to Science of Agriculture mail.

The advertising pound rate is not applicable to qualifying Nonprofit and
Classroom publications containing 10 percent or less advertising content.

1400 Package Services

1405.6 Prices

Parcel Post

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zone 8 (\$)
1	5.10	5.15	5.25	5.30	5.35	5.41	5.49
2	5.20	5.55	6.20	7.47	8.02	8.52	9.35
3	5.92	6.77	7.76	8.56	9.27	9.76	10.76
4	6.63	7.64	8.65	9.72	10.70	11.43	12.45
5	7.42	8.74	9.65	10.56	11.47	12.38	13.28
6	8.03	9.33	10.18	11.03	11.88	12.73	14.11
7	8.57	10.03	10.66	11.83	12.55	13.05	14.94
8	9.19	10.54	11.39	12.23	13.08	13.92	15.77
9	9.75	11.15	12.02	12.89	13.75	14.62	16.60
10	10.35	11.82	12.75	13.68	14.61	15.53	17.43
11	10.80	12.40	13.42	14.44	15.47	16.49	18.26
12	11.33	12.98	14.05	15.12	16.19	17.25	19.17
13	11.50	13.29	14.47	15.65	16.88	18.01	20.07
14	11.67	13.59	14.89	16.19	17.57	18.76	20.97
15	11.84	13.90	15.31	16.72	18.23	19.53	21.88
16	12.02	14.20	15.73	17.26	18.85	20.27	22.79
17	12.54	14.51	16.15	17.79	19.48	21.03	23.69
18	13.06	14.82	16.57	18.32	20.08	21.80	24.60
19	13.25	15.12	16.99	18.86	20.70	22.55	25.49
20	13.44	15.43	17.41	19.39	21.31	23.30	26.41
21	13.64	15.73	17.83	19.93	21.97	24.08	27.33
22	13.83	16.04	18.25	20.46	22.63	24.85	28.26
23	14.02	16.34	18.67	21.00	23.30	25.63	29.18
24	14.21	16.65	19.09	21.53	23.96	26.40	30.11
25	14.40	16.96	19.51	22.07	24.62	27.18	31.03

Parcel Post, continued

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zone 8 (\$)
26	14.61	17.28	19.95	22.62	25.28	27.95	31.96
27	14.82	17.61	20.39	23.17	25.95	28.73	32.88
28	15.04	17.93	20.82	23.72	26.61	29.50	33.80
29	15.25	18.25	21.26	24.27	27.27	30.28	34.73
30	15.46	18.58	21.70	24.82	27.93	31.05	35.65
31	15.72	18.90	22.13	25.37	28.60	31.83	36.58
32	16.03	19.23	22.57	25.92	29.26	32.60	37.50
33	16.35	19.55	23.01	26.46	29.92	33.38	38.43
34	16.66	19.88	23.45	27.01	30.58	34.15	39.35
35	16.97	20.20	23.88	27.56	31.24	34.93	40.28
36	17.13	20.53	24.32	28.11	31.91	35.70	41.20
37	17.29	20.85	24.76	28.66	32.57	36.47	42.13
38	17.45	21.18	25.20	29.21	33.23	37.25	43.05
39	17.60	21.50	25.63	29.76	33.89	38.02	43.98
40	17.76	21.83	26.07	30.31	34.56	38.80	44.90
41	17.91	22.15	26.51	30.86	35.22	39.57	45.83
42	18.07	22.48	26.95	31.41	35.88	40.35	46.75
43	18.23	22.80	27.38	31.96	36.54	41.12	47.68
44	18.44	23.13	27.82	32.51	37.21	41.90	48.60
45	18.65	23.45	28.26	33.06	37.87	42.67	49.53
46	18.86	23.78	28.70	33.61	38.53	43.45	50.45
47	19.07	24.10	29.13	34.16	39.19	44.22	51.38
48	19.28	24.43	29.57	34.71	39.86	45.00	52.30
49	19.50	24.75	30.01	35.26	40.52	45.77	53.23
50	19.71	25.08	30.44	35.81	41.18	46.55	54.15
51	19.92	25.26	30.69	36.16	41.76	47.32	55.08
52	20.13	25.44	30.93	36.51	42.33	48.10	56.00
53	20.35	25.62	31.18	36.86	42.90	48.87	56.93
54	20.56	25.80	31.42	37.20	43.48	49.65	57.85
55	20.77	25.98	31.67	37.55	44.05	50.42	58.78

Parcel Post, continued

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zone 8 (\$)
56	20.98	26.16	31.91	37.90	44.63	51.20	59.70
57	21.20	26.34	32.16	38.25	45.20	51.97	60.63
58	21.41	26.53	32.40	38.59	45.78	52.75	61.55
59	21.62	26.71	32.64	38.94	46.35	53.52	62.48
60	21.83	26.89	32.89	39.29	46.93	54.30	63.40
61	22.05	27.07	33.13	39.64	47.50	55.07	64.33
62	22.26	27.25	33.38	39.98	48.08	55.85	65.25
63	22.47	27.43	33.62	40.33	48.65	56.62	66.18
64	22.68	27.61	33.87	40.68	49.23	57.40	67.10
65	22.90	27.79	34.11	41.03	49.80	58.17	68.03
66	23.11	27.97	34.35	41.38	50.38	58.95	68.95
67	23.32	28.15	34.60	41.72	50.95	59.72	69.87
68	23.53	28.34	34.84	42.07	51.53	60.49	70.80
69	23.74	28.52	35.09	42.42	52.10	61.27	71.72
70	23.96	28.70	35.33	42.77	52.68	62.04	72.65
Oversized	66.13	74.22	75.83	78.07	98.48	106.57	114.66

Balloon Rate

Pieces exceeding 84 inches in length and girth combined and weighing less than 20 pounds are subject to a price equal to that for a 20-pound parcel for the zone to which the parcel is addressed.

Oversized Pieces

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

Pickup On Demand

Add ~~\$15.30~~ \$16.00 for each Pickup On Demand stop

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1415 Bound Printed Matter Flats

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1415.6 Prices

Carrier Route

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Destination Entry

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	0.420	0.551	0.964	0.964	0.964	0.964
Per Pound	0.012	0.041	0.064	0.082	0.133	0.191

b. Other Than Destination Entry

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	1.181	1.181	1.181	1.181	1.181	1.181	1.181
Per Pound	0.148	0.170	0.211	0.266	0.336	0.379	0.503

Presorted

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Destination Entry^{1,2}

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	0.540	0.671	1.084	1.084	1.084	1.084
Per Pound	0.012	0.041	0.064	0.082	0.133	0.191

b. Other Than Destination Entry²

	Zones Local 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zone 8 (\$)
Per Piece	1.301	1.301	1.301	1.301	1.301	1.301	1.301
Per Pound	0.148	0.170	0.211	0.266	0.336	0.379	0.503

Notes

1. DDU price is not available for presorted flats that weigh 1 pound or less.
2. For barcoded automation-compatible flats prepared in mailings of at least 50 pieces, deduct \$0.03 per piece for the barcode discount. The barcode discount is not available for flats mailed at presorted DDU prices.

Nonpresorted¹

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zone 8 (\$)
1	2.01	2.06	2.12	2.22	2.33	2.39	2.60
1.5	2.01	2.06	2.12	2.22	2.33	2.39	2.60
2	2.11	2.17	2.25	2.39	2.53	2.61	2.89
2.5	2.21	2.29	2.39	2.56	2.74	2.84	3.19
3	2.31	2.40	2.52	2.73	2.94	3.06	3.48
3.5	2.41	2.52	2.66	2.90	3.15	3.29	3.78
4	2.51	2.63	2.79	3.07	3.35	3.51	4.07
4.5	2.61	2.75	2.93	3.24	3.56	3.74	4.37
5	2.71	2.86	3.06	3.41	3.76	3.96	4.66
6	2.91	3.09	3.33	3.75	4.17	4.41	5.25
7	3.11	3.32	3.60	4.09	4.58	4.86	5.84
8	3.31	3.55	3.87	4.43	4.99	5.31	6.43
9	3.51	3.78	4.14	4.77	5.40	5.76	7.02
10	3.71	4.01	4.41	5.11	5.81	6.21	7.61
11	3.91	4.24	4.68	5.45	6.22	6.66	8.20
12	4.11	4.47	4.95	5.79	6.63	7.11	8.79
13	4.31	4.70	5.22	6.13	7.04	7.56	9.38
14	4.51	4.93	5.49	6.47	7.45	8.01	9.97
15	4.71	5.16	5.76	6.81	7.86	8.46	10.56

Notes

1. For barcoded automation-compatible flats prepared in mailings of at least 50 pieces, deduct \$0.03 per piece for the barcode discount.

Full-service Intelligent Mail Option

Subtract \$0.001 for each presorted or Carrier Route barcoded flat that complies with the requirements for the full-service Intelligent Mail option.

1420 Bound Printed Matter Parcels

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1420.6 Prices

Carrier Route

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Destination Entry

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	0.633	0.771	1.177	1.177	1.177	1.177
Per Pound	0.023	0.067	0.082	0.115	0.166	0.231

b. Other Than Destination Entry

	Zones Local 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	1.394	1.394	1.394	1.394	1.394	1.394	1.394
Per Pound	0.181	0.217	0.258	0.327	0.395	0.443	0.586

Presorted

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Destination Entry¹

	DDU	DSCF	DNDC Zones 1 & 2	DNDC Zone 3	DNDC Zone 4	DNDC Zone 5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	0.753	0.891	1.297	1.297	1.297	1.297
Per Pound	0.023	0.067	0.082	0.115	0.166	0.231

b. Other Than Destination Entry¹

	Zones Local 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zone 8 (\$)
Per Piece	1.514	1.514	1.514	1.514	1.514	1.514	1.514
Per Pound	0.181	0.217	0.258	0.327	0.395	0.443	0.586

Notes

- For barcoded machinable parcels prepared in mailings of at least 50 pieces, deduct \$0.03 per piece for the barcode discount. The barcode discount is not available for parcels mailed at presorted DSCF or DDU prices, or DNDC mail entered at an ASF (except Phoenix, AZ, ASF).

Nonpresorted¹

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zone 8 (\$)
1	2.59	2.65	2.73	2.87	3.01	3.09	3.37
1.5	2.59	2.65	2.73	2.87	3.01	3.09	3.37
2	2.59	2.65	2.73	2.87	3.01	3.09	3.37
2.5	2.81	2.90	3.02	3.23	3.44	3.56	3.98
3	2.81	2.90	3.02	3.23	3.44	3.56	3.98
3.5	3.03	3.15	3.31	3.59	3.87	4.03	4.59
4	3.03	3.15	3.31	3.59	3.87	4.03	4.59
4.5	3.25	3.40	3.60	3.95	4.30	4.50	5.20
5	3.25	3.40	3.60	3.95	4.30	4.50	5.20
6	3.47	3.65	3.89	4.31	4.73	4.97	5.81
7	3.69	3.90	4.18	4.67	5.16	5.44	6.42
8	3.91	4.15	4.47	5.03	5.59	5.91	7.03
9	4.13	4.40	4.76	5.39	6.02	6.38	7.64
10	4.35	4.65	5.05	5.75	6.45	6.85	8.25
11	4.57	4.90	5.34	6.11	6.88	7.32	8.86
12	4.79	5.15	5.63	6.47	7.31	7.79	9.47
13	5.01	5.40	5.92	6.83	7.74	8.26	10.08
14	5.23	5.65	6.21	7.19	8.17	8.73	10.69
15	5.45	5.90	6.50	7.55	8.60	9.20	11.30

Notes

1. For barcoded machinable parcels prepared in mailings of at least 50 pieces, deduct \$0.03 per piece for the barcode discount.

1425 Media Mail/Library Mail

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1425.6 Prices

Media Mail

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
1	1.82	2.17	2.54
2	2.24	2.59	2.96
3	2.66	3.01	3.38
4	3.08	3.43	3.80
5	3.50	3.85	4.22
6	3.92	4.27	4.64
7	4.34	4.69	5.06
8	4.75	5.10	5.47
9	5.16	5.51	5.88
10	5.57	5.92	6.29
11	5.98	6.33	6.70
12	6.39	6.74	7.11
13	6.80	7.15	7.52
14	7.21	7.56	7.93
15	7.62	7.97	8.34
16	8.03	8.38	8.75
17	8.44	8.79	9.16
18	8.85	9.20	9.57
19	9.26	9.61	9.98
20	9.67	10.02	10.39
21	10.08	10.43	10.80
22	10.49	10.84	11.21
23	10.90	11.25	11.62
24	11.31	11.66	12.03
25	11.72	12.07	12.44

Media Mail (Continued)

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
26	12.13	12.48	12.85
27	12.54	12.89	13.26
28	12.95	13.30	13.67
29	13.36	13.71	14.08
30	13.77	14.12	14.49
31	14.18	14.53	14.90
32	14.59	14.94	15.31
33	15.00	15.35	15.72
34	15.41	15.76	16.13
35	15.82	16.17	16.54
36	16.23	16.58	16.95
37	16.64	16.99	17.36
38	17.05	17.40	17.77
39	17.46	17.81	18.18
40	17.87	18.22	18.59
41	18.28	18.63	19.00
42	18.69	19.04	19.41
43	19.10	19.45	19.82
44	19.51	19.86	20.23
45	19.92	20.27	20.64
46	20.33	20.68	21.05
47	20.74	21.09	21.46
48	21.15	21.50	21.87
49	21.56	21.91	22.28
50	21.97	22.32	22.69

Media Mail (Continued)

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
51	22.38	22.73	23.10
52	22.79	23.14	23.51
53	23.20	23.55	23.92
54	23.61	23.96	24.33
55	24.02	24.37	24.74
56	24.43	24.78	25.15
57	24.84	25.19	25.56
58	25.25	25.60	25.97
59	25.66	26.01	26.38
60	26.07	26.42	26.79
61	26.48	26.83	27.20
62	26.89	27.24	27.61
63	27.30	27.65	28.02
64	27.71	28.06	28.43
65	28.12	28.47	28.84
66	28.53	28.88	29.25
67	28.94	29.29	29.66
68	29.35	29.70	30.07
69	29.76	30.11	30.48
70	30.17	30.52	30.89

Library Mail

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
1	1.73	2.06	2.41
2	2.13	2.46	2.81
3	2.53	2.86	3.21
4	2.93	3.26	3.61
5	3.33	3.66	4.01
6	3.73	4.06	4.41
7	4.13	4.46	4.81
8	4.52	4.85	5.20
9	4.91	5.24	5.59
10	5.30	5.63	5.98
11	5.69	6.02	6.37
12	6.08	6.41	6.76
13	6.47	6.80	7.15
14	6.86	7.19	7.54
15	7.25	7.58	7.93
16	7.64	7.97	8.32
17	8.03	8.36	8.71
18	8.42	8.75	9.10
19	8.81	9.14	9.49
20	9.20	9.53	9.88
21	9.59	9.92	10.27
22	9.98	10.31	10.66
23	10.37	10.70	11.05
24	10.76	11.09	11.44
25	11.15	11.48	11.83

Library Mail (Continued)

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
26	11.54	11.87	12.22
27	11.93	12.26	12.61
28	12.32	12.65	13.00
29	12.71	13.04	13.39
30	13.10	13.43	13.78
31	13.49	13.82	14.17
32	13.88	14.21	14.56
33	14.27	14.60	14.95
34	14.66	14.99	15.34
35	15.05	15.38	15.73
36	15.44	15.77	16.12
37	15.83	16.16	16.51
38	16.22	16.55	16.90
39	16.61	16.94	17.29
40	17.00	17.33	17.68
41	17.39	17.72	18.07
42	17.78	18.11	18.46
43	18.17	18.50	18.85
44	18.56	18.89	19.24
45	18.95	19.28	19.63
46	19.34	19.67	20.02
47	19.73	20.06	20.41
48	20.12	20.45	20.80
49	20.51	20.84	21.19
50	20.90	21.23	21.58

Library Mail (Continued)

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
51	21.29	21.62	21.97
52	21.68	22.01	22.36
53	22.07	22.40	22.75
54	22.46	22.79	23.14
55	22.85	23.18	23.53
56	23.24	23.57	23.92
57	23.63	23.96	24.31
58	24.02	24.35	24.70
59	24.41	24.74	25.09
60	24.80	25.13	25.48
61	25.19	25.52	25.87
62	25.58	25.91	26.26
63	25.97	26.30	26.65
64	26.36	26.69	27.04
65	26.75	27.08	27.43
66	27.14	27.47	27.82
67	27.53	27.86	28.21
68	27.92	28.25	28.60
69	28.31	28.64	28.99
70	28.70	29.03	29.38

Barcode Discount

A barcode discount of \$0.03 per piece is available for Single-Piece and Basic, Media Mail and Library Mail, machinable parcels for mailings of at least 50 pieces entered at designated facilities.

1500 Special Services

1505 Ancillary Services

1505.1 Address Correction Service

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1505.1.2 Prices

	(\$)
<hr/>	
Manual correction, each	
First-Class Mail, on-piece correction only	0.00
Other	0.52
<hr/>	
Electronic correction, each	
First-Class Mail piece	0.10
Other	0.27
<hr/>	
Automated correction (Letters Only)	
First-Class Mail piece	
First two notices, for a given address change, each	0.02
Additional notices, for a given address change, each	0.09
Standard Mail piece	
First two notices, for a given address change, each	0.05
Additional notices, for a given address change, each	0.21
Full-service correction, each	0.00

1505.2 Applications and Mailing Permits

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1505.2.2 Prices

	(\$)
<hr/>	
First-Class Mail Presort Mailing Fee (per year)	195.00
<hr/>	
Standard Mail Mailing Fee (per year)	195.00
<hr/>	
Periodicals Application Fees (one-time only for each)	
A. Original Entry	565.00
B. Additional Entry	90.00

C. Re-entry	68.00
D. Registration for News Agents	57.00
<hr/>	
Bound Printed Matter: Destination Entry Mailing Fee (per year)	195.00
<hr/>	
Media Mail Presorted Mailing Fee (per year)	195.00
<hr/>	
Library Mail Presorted Mailing Fee (per year)	195.00
<hr/>	
Parcel Select: Destination Entry Mailing Fee (per year)	195.00
<hr/>	
Parcel Return Service Account Maintenance Fee (per year)	615.00
<hr/>	
Parcel Return Service Mailing Fee (per year)	195.00
<hr/>	
Authorization to Use Permit Imprint (one-time only)	195.00

1505.3 Business Reply Mail

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1505.3.2 Prices

	(\$)
<hr/>	
Regular (no account maintenance fee)	
Permit (per year)	195.00
Per-piece charge	0.77
<hr/>	
Regular (with account maintenance fee)	
Permit (per year)	195.00
Account maintenance (per year)	615.00
Per-piece charge	0.087
<hr/>	
Qualified Business Reply Mail, low-volume	
Permit (per year)	195.00
Account maintenance (per year)	615.00
Per-piece charge	0.055
<hr/>	
Qualified Business Reply Mail, high-volume	
Permit (per year)	195.00
Account maintenance (per year)	615.00
Quarterly	2010.00
Per-piece charge	0.007
<hr/>	
Bulk Weight Averaged (Non-letters only)	

Permit (per year)	195.00
Account maintenance (per year)	615.00
Per-piece charge	0.014
Monthly maintenance	1010.00

1505.4 Bulk Parcel Return Service

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1505.4.2 Prices

	(\$)
Permit (per year)	195.00
Account maintenance (per year)	615.00
Per-piece charge	2.60

1505.5 Certified Mail

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1505.5.2 Prices

	(\$)
Per piece	2.95

1505.6 Certificate of Mailing

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1505.6.2 Prices

Individual Pieces Prices

	(\$)
Original certificate of mailing, individual article	1.20
Three or more pieces individually listed in a firm mailing book or an approved customer provided manifest (per piece)	0.44
Each additional copy of original Certificate of Mailing or original mailing receipt for Registered Mail insured, Certified Mail, and COD mail (each copy)	1.20

Bulk Prices

Identical First-Class Mail and Standard Mail pieces 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)	6.80
Each additional 1,000 pieces or fraction	0.79
Duplicate copy	1.20

1505.7 Collect on Delivery

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1505.7.2 Prices

(\$)	(\$)	(\$)
Amount to be collected, or insurance coverage desired, whichever is higher:		
0.01	to	50.00
50.01	to	100.00
100.01	to	200.00
200.01	to	300.00
300.01	to	400.00
400.01	to	500.00
500.01	to	600.00
600.01	to	700.00
700.01	to	800.00
800.01	to	900.00
900.01	to	1,000.00
Notice of nondelivery		4.05
Alteration of COD charges		4.05
Designation of new addressee		4.05
Registered COD		5.05

1505.8 Delivery Confirmation

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1505.8.2 Prices

	(\$)
First-Class Mail Parcels	
Electronic	0.20
Retail	0.85
Standard Mail Parcels	
Electronic	0.20
Package Services	
Electronic	0.20
Retail	0.85
Priority Mail	
Electronic	0.00
Retail	0.75
Parcel Select	
Electronic – Destination Entry only	0.00
Electronic – All other	0.20

1505.9 Insurance

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1505.9.2 Prices

Regular Insurance

	(\$)		(\$)	(\$)
Merchandise coverage:				
0.01		to	50.00	1.85
50.01		to	100.00	2.40
100.01		to	200.00	2.90
200.01		to	300.00	4.90
300.01		to	400.00	5.90
400.01		to	500.00	6.90

500.01	to	600.00	7.90
600.01	to	5,000.00	7.90 plus 1.00 for each 100.00 or fraction thereof over 600.00

Bulk Insurance

(\$)		(\$)	(\$)
<i>Amount of coverage:</i>			
0.01	to	50.00	1.05
50.01	to	100.00	1.60
100.01	to	200.00	2.10
200.01	to	300.00	4.10
300.01	to	5,000.00	4.10 plus 1.00 for each 100.00 or fraction thereof over 300.00

Express Mail Insurance

(\$)		(\$)	(\$)
<i>Merchandise coverage:</i>			
0.01	to	100.00	0.00
100.01	to	200.00	0.80
200.01	to	500.00	2.25
500.01	to	5,000.00	2.25 plus 1.45 for each 500.00 or fraction thereof over 500.00
<i>Document reconstruction coverage:</i>			
0.01	to	100.00	0.00

1505.10 Merchandise Return Service

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1505.10.2 Prices

	(\$)
Permit (per year)	195.00
Account maintenance (per year)	615.00
Per piece	0.00

1505.11 Parcel Airlift (PAL)

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1505.11.2 Prices

	(\$)
For pieces weighing:	
Not more than 2 pounds	0.55
Over 2 but not more than 3 pounds	1.15
Over 3 but not more than 4 pounds	1.60
Over 4 but not more than 30 pounds	2.25

1505.12 Registered Mail

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1505.12.2 Prices

	(\$)		(\$)		(\$)
Declared Value:					
0.00					11.15
0.01		to	100.00		12.00
100.01		to	500.00		13.75
500.01		to	1,000.00		15.15
1,000.01		to	2,000.00		16.55
2,000.01		to	3,000.00		17.95

Registered Mail Prices (Continued)

(\$)	(\$)	(\$)
Declared Value:		
3,000.01	to	4,000.00
4,000.01	to	5,000.00
5,000.01	to	6,000.00
6,000.01	to	7,000.00
7,000.01	to	8,000.00
8,000.01	to	9,000.00
9,000.01	to	10,000.00
10,000.01	to	11,000.00
11,000.01	to	12,000.00
12,000.01	to	13,000.00
13,000.01	to	14,000.00
14,000.01	to	15,000.00
15,000.01	to	16,000.00
16,000.01	to	17,000.00
17,000.01	to	18,000.00
18,000.01	to	19,000.00
19,000.01	to	20,000.00
20,000.01	to	21,000.00
21,000.01	to	22,000.00
22,000.01	to	23,000.00
23,000.01	to	24,000.00
24,000.01	to	25,000.00
25,000.01	to	15,000,000.00
		19.35
		20.75
		22.15
		23.55
		24.95
		26.35
		27.75
		29.15
		30.55
		31.95
		33.35
		34.75
		36.15
		37.55
		38.95
		40.35
		41.75
		43.15
		44.55
		45.95
		47.35
		48.75
		48.75 plus 1.40 per additional 1,000.00 of value

Greater than	15,000,000.00	21,013.75 plus amount determined by the Postal Service based on weight, space, and value
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1505.13 Return Receipt

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1505.13.2 Prices

	(\$)
Original signature	2.40
Copy of signature (electronic)	1.15
Requested after mailing	4.85

1505.14 Return Receipt for Merchandise

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1505.14.2 Prices

	(\$)
Per Piece (Requested at time of mailing)	4.00

1505.15 Restricted Delivery

* * * * *

1505.15.2 Prices

	(\$)
Per Piece	4.75

1505.16 Shipper-Paid Forwarding

* * * * *

1505.16.2 Prices

	(\$)
Account Maintenance Fee (per year)	615.00

1505.17 Signature Confirmation

* * * * *

1505.17.2 Prices

	(\$)
Electronic	2.05
Retail	2.45

1505.18 Special Handling

* * * * *

1505.18.2 Prices

Weight	(\$)
Not more than 10 pounds	7.75
More than 10 pounds	10.90

1505.19 Stamped Envelopes

1505.19.1 Description

Plain Stamped Envelopes and Personalized Stamped Envelopes are envelopes with imprinted or impressed First-Class Mail ~~or Standard Mail~~ postage. Personalized Stamped Envelopes and their premium options may be obtained by special request.

1505.19.2 Prices

	(\$)
Plain stamped envelopes	
Basic, size 6-3/4, each	0.10
Basic, size 6-3/4, 500	16.25

Basic, over size 6-3/4, each	0.10
Basic, over size 6-3/4, 500	18.75
Personalized stamped envelopes	
Basic, size 6-3/4, 50	5.00
Basic, size 6-3/4, 500	25.00
Basic, over size 6-3/4, 50	5.00
Basic, over size 6-3/4, 500	28.35
Premium Options for 50 personalized stamped envelopes	Additional Charge (\$)
Color Other Than White	1.00
Pressure-Sensitive Sealing	5.00
Font size, Font style, and/or Ink Color (for one, two, or all three)	1.05
Monogram	5.00
Premium Options for 500 personalized stamped envelopes	
Color Other Than White	2.00
Pressure-Sensitive Sealing	15.00
Font size, Font style, and/or Ink Color (for one, two, or all three)	2.10
Monogram	7.00
4-Color Logo for 500 Envelopes (5,000 envelope minimum)	45.00

1505.20 Stamped Cards

* * * * *

1505.20.2 Prices

	(\$)
Single card	0.03
Double reply-paid card	0.06
Sheet of 40 cards (uncut)	1.20

1505.21 Premium Stamped Stationery

* * * * *

1505.21.2 Prices

Per Unit	(\$)
Minimum	2 times the First-Class Mail price imprinted on the stationery
Maximum	3 times the First-Class Mail price imprinted on the stationery

1505.22 Premium Stamped Cards

* * * * *

1505.22.2 Prices

Per Card	(\$)
Minimum	1 times the First-Class Mail price imprinted on the card
Maximum	3 times the First-Class Mail price imprinted on the card

1510 International Ancillary Services

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1510.1 International Certificate of Mailing

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1510.1.2 Prices

Individual Piece Prices

	(\$)
Original certificate of mailing for listed pieces of ordinary Single-Piece First-Class Mail International items	1.20
Three or more pieces individually listed in a firm mailing book or an approved customer provided manifest (per piece)	0.44
Each additional copy of original certificate of mailing or firm mailing bills (each copy)	1.20

Multiple Piece Prices

Identical pieces of ordinary Single-Piece First-Class Mail International paid with regular stamps, precanceled stamps, or meter stamps are subject to the following fees:

	(\$)
Up to 1,000 pieces (one certificate for total number)	6.80
Each additional 1,000 pieces or fraction	0.79
Duplicate copy	1.20

1510.2 International Registered Mail

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1510.2.2 Prices

Outbound International Registered Mail Prices

	(\$)
Per Piece	12.95

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1510.3 International Return Receipt

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1510.3.2 Prices

Outbound International Return Receipt Prices

	(\$)
Per Piece	2.40

* * * * *

1510.4 International Restricted Delivery

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1510.4.2 Prices

Outbound International Restricted Delivery Prices

	(\$)
Per Piece	4.75

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1510.6 Customs Clearance and Delivery Fee

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Fee

~~\$5.35~~ \$5.60 per dutiable item.

1515 Address Management Services

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1515.2 Prices

	(\$)
Address Sequencing	
Per correction (removal of each undeliverable address, or addition of each missing or new address)	0.37 ¹
¹ When rural routes have been consolidated or changed to another post office, there is no charge for correction if the list contains only names of persons residing on the routes involved.	
Insertion of blanks	0.00
AEC II Service	
1-100 records resolved, minimum fee	26.00
Additional records resolved, per record	0.26
AIS (Address Information Systems) Viewer (per year, per operating system)	
City State Delivery Type	55.00
County Name Retrieval	55.00
Delivery Statistic Retrieval	80.00
ZIP + 4 Retrieval	55.00
Barcode Certification	
Per Certification Test	525.00
CRIS Route (per year)	
CD-ROM per state	24.00*
CD-ROM All States	945.00*
CASS Certification	
Cycle Testing: (for next cycle) August-January	200.00
Cycle Testing: February, March	500.00
Cycle Testing: April	600.00
Cycle Testing: May	700.00
Cycle Testing: June	800.00
Cycle Testing: July	900.00
Cycle Testing: (for current cycle) After July 31st	1,000.00
Change-of-Address Information for Election Boards and Registration Commissions	
Per change of address	0.37

City State (per year) CD-ROM All States	370.00*
CDS (per address, per year)	0.0072
Minimum (per year)	36.00
(For CDS No Stat, the minimum does not apply in 2010, but will be applied separately starting January 1, 2011.)	
Correction of Address Lists Per submitted address	0.37
Minimum charge per list (30 items)	11.10
Delivery Statistics (per year) CD-ROM All States	370.00*
Delivery Type (per year)	55.00*
DMM Labeling Lists	63.00
DPV (per year)	10,500.00
Fees are prorated for first year based on the month the agreement is executed.	
DSF ² Service (per year)	105,000.00
Each additional location per year	52,500.00
Each additional platform per location per year	52,500.00
Initial fee is prorated for first year based on the month the agreement is executed. There is no proration for additional locations or platforms.	
eLOT Service (per year) CD-ROM per state	32.00*
CD-ROM All States	850.00*
FASTforward MLOCR (per year)	5,000.00
Each additional site per year	5,000.00
Each additional platform per year	5,000.00
Audit Fee (after third failed process audit)	2,600.00
Five-Digit ZIP (per year) CD-ROM All States	525.00*
LACS ^{Link} Interface Developer (First Year)	1,050.00 ²
Interface Developer (each one-year extension)	315.00 ²
² Interface Developer fees are waived for certified CASS and NCOA ^{Link} Full Service Provider distributors fulfilling requirement to provide users access to LACS ^{Link}	1,250.00 ³
Interface Distributor (per year)	
³ Interface Distributor fee are waived for certified CASS distributor who provides End Users of LACS ^{Link} Distributor products with access to LACS ^{Link} System	315.00
Data Distributor (per year)	315.00 ⁴
End User (per year)	
⁴ End User fee is waived for certified NCOA ^{Link} Full Service Providers who fulfill requirement to offer LACS ^{Link} as component of its products and services	
Fees are prorated for first year for LACS ^{Link} Interface Distributor, Data Distributor, and End User based on month the Postal Service certifies system. Interface Developer test	

fees are waived if part of CASS certification; otherwise, CASS test fees apply for stand-alone testing.	
MASS Certification	
MASS Manufacturers (MLOCR)	
Cycle Testing: (for next cycle) November – June	500.00
Cycle Testing: July	1,000.00
Cycle Testing: (for current cycle) After July 31st	1,500.00
MASS End-Users (MLOCR)	
Cycle Testing: (for next cycle) March – June	500.00
Cycle Testing – July	1,000.00
Cycle Testing: (current cycle) After July 31st	1,500.00
MASS Manufacturers (Encoder)	
Cycle Testing: (for next cycle) November – June	300.00
Cycle Testing – July	750.00
Cycle Testing: (for current cycle) After July 31st	1,000.00
MASS End-Users (Encoder)	
Cycle Testing: (for next cycle) March – June	300.00
Cycle Testing – July	750.00
Cycle Testing: After July 31st	1,000.00
NCOA^{Link} Service	
Initial Interface Developer (first year fee)	5,250.00
Interface Developer (per each one year extension)	1,050.00
Interface Distributor (per year)	26,500.00
Full Service Provider (per year)	182,500.00
Full Service Provider Each Additional Site (per year)	91,000.00
Limited Service Provider (per year)	15,750.00
Limited Service Provider (per each one year extension)	
One Site only	15,750.00
Each additional site	7,900.00
ANK ^{Link} Service Option (per year)	3,700.00
<hr/>	
End User (first year)	7,900.00
<hr/>	
End User (each renewal year)	
One site	7,900.00
Each additional site	4,000.00
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ANK ^{Link} Service Option (per year)	800.00
<hr/>	
NCOA ^{Link} fees (excluding Interface Developer) prorated for first year based on month Postal Service certifies system. No proration for fees for additional sites.	
<hr/>	
NCOA ^{Link} Test, Audit (each)	1,050.00
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Official National Zone Charts (per year)	
Software CD-ROM	63.00
Matrix	52.50
<hr/>	
RDI Service (per year)	325.00
<hr/>	
First year pro-rated based on date of execution of license	
<hr/>	
Z4 Change (per year)	
CD-ROM All States	3,200.00*

ZIP + 4 Service (per year) CD-ROM per state CD-ROM All States	24.00* 950.00
ZIP Code Sortation of Address Lists Per 1,000 addresses, or fraction	125.00
ZIP Move (per year) CD-ROM All States	105.00*
99 Percent Accurate Method (per 1,000 addresses per year) Minimum (per year)	1.05 105.00

AMS Price Table for Additional Copies Address Management Services with an asterisk allow copying for an additional fee. The fee is calculated by multiplying the list price by a factor based on the total number of copies to be made, as shown below.

$$\begin{array}{r}
 \text{Price* (per year, from above)} \\
 \times \text{ Factor corresponding to number of copies (far right column below):} \\
 \hline
 \$ \quad = \text{ Total Price (per year)}
 \end{array}$$

Number of Copies	*Price (from above)	Multiply by	Factor
1-100	*Price	x	0.5
101-200	*Price	x	1.0
201-300	*Price	x	1.5
301-400	*Price	x	2.0
401-500	*Price	x	2.5
501-600	*Price	x	3.0
601-700	*Price	x	3.5
701-800	*Price	x	4.0
801-900	*Price	x	4.5
901-1000	*Price	x	5.0
1001-10,000	*Price	x	6.5
10,001 – 20,000	*Price	x	8.0
20,001 – 30,000	*Price	x	9.5
30,001 and over	*Price	x	11.0
Unlimited quantity of any of the following: Five-Digit ZIP, City State, CRIS, Delivery Statistics, eLot, ZIPMove, ZIP + 4	\$10,000.00	--	--

1520 Caller Service

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1520.2 Prices

	(\$)
Groups based on Post Office location (Semi-Annual):	
Group 1	690.00
Group 2	605.00
Group 3	545.00
Group 4	535.00
Group 5	525.00
Group 6	470.00
Group 7	430.00
Call Number Reservation (Annual)	42.00

1525 Change-of-Address Credit Card Authentication

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1525.2 Prices

	(\$)
Requests submitted over the Internet or by telephone. (Per credit card authentication)	1.00

1530 Confirm Service

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1530.2 Prices

	(\$)
Bronze	
Subscription (12 months)	1,040.00
Additional Scans (block of 10,000)	250.00
Silver	

Subscription (3 months)	2,080.00
Additional Scans (block of 2 million)	500.00
<hr/>	
Gold	
Subscription (12 months)	7,950.00
Additional Scans (block of 6 million)	800.00
<hr/>	
Platinum	
Subscription (12 months)	32,000.00
<hr/>	
Additional ID Codes	
Annual	2,500.00
Quarterly	900.00
<hr/>	

1535 International Reply Coupon Service

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1535.2 Prices

	(\$)
International Reply Coupons	2.20

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1540 International Business Reply Mail

* * * * *

1540.2 Prices Categories

	(\$)
International Business Reply Card	1.00
International Business Reply Envelope	1.50

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1545 Money Orders

* * * * *

1545.2 Prices

	(\$)		(\$)	(\$)
Domestic	0.01	to	500.00	1.15
Domestic	500.01	to	1,000.00	1.55
APO/FPO	0.01	to	1,000.00	0.30
Inquiry, including a copy of paid money order				5.65

1550 Post Office Box Service

* * * * *

1550.3 Prices

Regular and No Fee

Box Size	Semi-annual Fee Groups (Groups based on Post Office location) (\$)							
	1	2	3	4	5	6	7	E ¹
1	49.00	38.00	32.00	23.00	21.00	15.00	13.00	0.00
2	74.00	62.00	51.00	37.00	30.00	23.00	19.00	0.00
3	133.00	106.00	94.00	59.00	53.00	40.00	32.00	0.00
4	271.00	207.00	170.00	117.00	96.00	69.00	53.00	0.00
5	436.00	372.00	287.00	218.00	165.00	122.00	96.00	0.00

Notes

- When the Postal Service determines not to provide carrier delivery to a customer's physical address or business location that constitutes a potential carrier delivery point, as defined by the Postal Service, that customer becomes eligible for one post office box at the Group E fee.

Postal Facilities Primarily Serving Academic Institutions or Their Students

Period of box use (days)	Price
95 or less	½ semiannual price
96 to 140	¾ semiannual price

141 to 190	Semiannual price
191 to 230	1 ¼ semiannual price
231 to 270	1 ½ semiannual price
271 to full year	Two times semiannual price

Ancillary Post Office Box Services

	(\$)
Key duplication or replacement	6.00
Lock replacement	15.00
Key deposit	3.00

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XXXX Customized Postage

* * * * *

XXXX.2 Prices

	(\$)
Annual Participation Fee (up to two printing facilities)	315,000.00
Additional Printing Sites (3-50 sites, each site)	52,500.00
Over 50 Printing Sites (each site)	5,250.00

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PART D

COUNTRY PRICE LISTS FOR INTERNATIONAL MAIL

4000 COUNTRY PRICE LISTS FOR INTERNATIONAL MAIL

Country	Market Dominant SPFCMI ¹	Competitive		
		International Expedited Services	International Packages	IPA & ISAL ⁵

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Israel	8-5	6	8	8	11
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ATTACHMENT B: PRICE CAP CALCULATION

Calculation of amount of applicable change in CPI-U and Price Cap

	CPI ^[1]	Last 12 Months Point-to-Point ^[2]	12-Month Total ^[3]	12-Month Total Divided by 12 ^[4]	12-Month Moving Average ^[5]	Base Average ^[6]	Rule 3010.26.c Adjustment ^[7]	Rule 3010.26.c Adjusted Price Cap ^[8]
Jan-07	202.416							
Feb-07	203.499							
Mar-07	205.352							
Apr-07	206.686							
May-07	207.949							
Jun-07	208.352							
Jul-07	208.299							
Aug-07	207.917							
Sep-07	208.490							
Oct-07	208.936							
Nov-07	210.177							
Dec-07	210.036							
Jan-08	211.080	4.3%	2496.8	208.064	3.0%			
Feb-08	211.693	4.0%	2505.0	208.747	3.2%			
Mar-08	213.528	4.0%	2513.1	209.429	3.3%			
Apr-08	214.823	3.9%	2521.3	210.107	3.4%			
May-08	216.632	4.2%	2530.0	210.830	3.5%			
Jun-08	218.815	5.0%	2540.4	211.702	3.7%			
Jul-08	219.964	5.6%	2552.1	212.674	4.0%			
Aug-08	219.086	5.4%	2563.3	213.605	4.3%			
Sep-08	218.783	4.9%	2573.6	214.463	4.4%			
Oct-08	216.573	3.7%	2581.2	215.099	4.5%			
Nov-08	212.425	1.1%	2583.4	215.287	4.2%			
Dec-08	210.228	0.1%	2583.6	215.303	3.8%			
Jan-09	211.143	0.0%	2583.7	215.308	3.5%			
Feb-09	212.193	0.2%	2584.2	215.349	3.2%			
Mar-09	212.709	-0.4%	2583.4	215.281	2.8%			
Apr-09	213.240	-0.7%	2581.8	215.149	2.4%			
May-09	213.856	-1.3%	2579.0	214.918	1.9%			
Jun-09	215.693	-1.4%	2575.9	214.658	1.4%			
Jul-09	215.351	-2.1%	2571.3	214.273	0.8%			
Aug-09	215.834	-1.5%	2568.0	214.002	0.2%			
Sep-09	215.969	-1.3%	2565.2	213.768	-0.324%			
Oct-09	216.177	-0.2%	2564.8	213.735	-0.634%			
Nov-09	216.330	1.8%	2568.7	214.060	-0.570%			
Dec-09	215.949	2.7%	2574.4	214.537	-0.356%			
Jan-10	216.687	2.6%	2580.0	214.999	-0.143%	215.308	0.002%	-0.141%
Feb-10	216.741	2.1%	2584.5	215.378	0.013%	215.349	0.022%	0.035%
Mar-10	217.631	2.3%	2589.5	215.788	0.236%	215.281	-0.010%	0.226%
Apr-10	218.009	2.2%	2594.2	216.186	0.482%	215.149	-0.071%	0.411%
May-10	218.178	2.0%	2598.5	216.546	0.757%	214.918	-0.179%	0.578%

[1] Consumer Price Index -- All Urban Consumers, U.S. All Items (the "CUUR000SA0" series)

[2] The current month CPI [Column 1] divided by CPI for same month, previous year

[3] Sum of the most recent 12 months CPI measurements in Column [1]

[4] Column [3] / 12

[5] (The current month value in Column [4] / value from same month, previous year) - 1

[6] The average of prior 12 to 24 months.

[7] Rule 3010.26.c requires an adjustment to made to the 12 month moving average whenever more than 12 months have passed since the most recent price change. The adjustment calculates the unused rate authority by dividing the Base Average applicable to notice of rate adjustment by the Recent Average utilized in the previous rate adjustment and subtracting one from the quotient. In this particular instance, the Base Average is 214.918 and the Recent Average from the previous rate adjustment is 215.303.

[8] The 12-month moving average plus the rule 3010.26.c adjustment.

**LIST OF MATERIALS
PROVIDED BY THE UNITED STATES POSTAL SERVICE
FOR PURPOSES OF DOCKET NO. R2010-4**

Number

Public:

- USPS-R2010-4/1 First-Class Mail Worksheets**
- USPS-R2010-4/2 Standard Mail Worksheets**
- USPS-R2010-4/3 Periodicals Worksheets**
- USPS-R2010-4/4 Package Services Worksheets**
- USPS-R2010-4/5 Special Services Worksheets**
- USPS-R2010-4/6 Product Cost & Contribution Estimation Model (Public Version)**
- USPS-R2010-4/7 Cost Factor Development (Public Version)**
- USPS-R2010-4/8 Revenue and Volume Forecast Materials (Public Version)**
- USPS-R2010-4/9 Flats Operations and Pricing Strategies**

BELOW ITEMS WILL BE DESIGNATED AS NONPUBLIC ANNEX:

Non-Public:

- USPS-R2010-4/NP1 Product Cost & Contribution Estimation Model (Non-Public Version)**
- USPS-R2010-4/NP2 Cost Factor Development (Non-Public Version)**
- USPS-R2010-4/NP3 Revenue and Volume Forecast Materials (Non-Public Version)**

ATTACHMENT D

APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NONPUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,¹ the United States Postal Service (Postal Service) hereby applies for nonpublic treatment of certain materials filed under seal with the Commission. The materials covered by this application consist of the entire Nonpublic Annex in Docket No. R2010-4. The Nonpublic Annex initially includes 3 separate folders, as shown on the List of Materials provided as Attachment C to the Request. As is apparent from that List, all of these folders have a corresponding public folder. In one instance, a set of material has been divided into a portion that relates to Market Dominant products, and a portion that relates to Competitive products. In that instance, the public folder includes the portion of material relating to Market Dominant products, and the nonpublic folder includes the portion of materials relating to Competitive products (as well as, for convenience, the information on Market Dominant products). In two other instances, two versions of materials are prepared. The nonpublic versions present summary information, or contain the background material from which summary information has been developed, in which Competitive product data have been disaggregated to the product level. The corresponding public versions present summary information, or contain the background material from which summary information has been developed, in which Competitive product data have been aggregated into the group of domestic Competitive products as a whole. In general, all disaggregated cost information relating to Competitive products,

¹ PRC Order No. 225, Final Rules Establishing Appropriate Confidentiality Procedures, Docket No. RM2008-1, June 19, 2009.

ATTACHMENT D

and all background data used to develop disaggregated cost information on Competitive products, are filed under seal in the Nonpublic Annex.

(1) The rationale for claiming that the materials are nonpublic, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);

The materials designated as non-public consist of information of a commercial nature concerning postal operations and finances that under good business practice would not be publicly disclosed. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).² Based on its long-standing and deep familiarity with postal and communications business and markets generally, and its knowledge of many firms, including competitors, mailers, and suppliers, the Postal Service does not believe that any commercial enterprise would voluntarily publish information pertaining to the costs, volumes, revenues, and markets for its competitive products. Because the portions of the materials that the Postal Service is applying to file only under seal fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

² In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

ATTACHMENT D

(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;

None.

(3) A description of the materials claimed to be nonpublic in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are nonpublic;

The materials in the Nonpublic Annex fall into several categories. The first category is the Nonpublic Product Cost & Contribution Estimation Model (PCCEM) and related materials. (In an old-style PRA rate case, these materials would have been presented by the rollforward witness.) These materials, in general, show cost information at the product level, including disaggregated information (e.g., by cost segment and component) for specific Market Dominant and Competitive products, for FY09, and projected for FY10 and FY11. These materials are found in USPS-R2010-4/NP1. The corresponding public folder (USPS-R2010-4/6) contains information similar to that in nonpublic folder, except that, in the public folder, the cost information for Competitive products is generally aggregated into one Competitive products row. Therefore, examination of the corresponding public folder should allow a person to understand the nature of the contents of the nonpublic folder, and evaluate accordingly. Although the output reports (with Competitive Product information rolled up into one row) and a large amount of other supporting information and documentation can be found in the public version, the public version does not include a working model. There is no working version of the PCCEM that would not necessarily disclose sensitive

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Competitive product information. Parties who believe that this presents issues are encouraged to contact postal counsel to discuss available options.

Another set of materials are included with the Cost Factor Development Model. (In an old-style PRA rate case, these materials would have been presented by the revenue requirement witness.) In general, this material does not relate to specific products, so it can be publicly disclosed. It includes however, the Reallocated Trial Balances, and those do include certain product-specific accounts. Therefore, in the nonpublic version of the Cost Factor Development Model materials (USPS-R2010-4/NP2), an unredacted version of the Reallocated Trial Balances is included, while in the public version (USPS-2010-4/7), certain accounts are redacted in that file.

A third set of materials are the volume forecasting materials, which are split between Market Dominant and Competitive products. Materials for Market Dominant products appear in the public version (USPS-R2010-4/8), while materials for Competitive products appear in the non-public version (USPS-R2010-4/NP3). The split of these materials follows the practice used over the last several years for demand analysis materials filed with the Commission each January.

In general, the premise of this application is that, for Competitive products, disaggregated cost data (and detailed volume and revenue data, such as that provided in billing determinants) constitute commercially-sensitive information and should not be publicly disclosed. The Postal Service is therefore placing all such information in the Nonpublic Annex, and filing it under seal. In the FY09 ACR, in the Public CRA (USPS-FY09-1), the Postal Service broke out data for the group of Competitive products into five Competitive product subgroups. In this proceeding, however, since the proposed

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price adjustments are limited to Market Dominant products, information about specific Competitive products, or subgroups of Competitive products, is neither relevant nor necessary.

(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;

If the information that the Postal Service determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal Service considers it quite likely that it would suffer commercial harm. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. In this regard, the Postal Service is not aware of any business with which it competes (or in any other commercial enterprise), either within industries engaged in the carriage and delivery of materials and hard copy messages, or those engaged in communications generally, that would disclose publicly information and data of comparable nature and detail.

The protected materials consist of comprehensive analytical tools and reports employed by the Postal Service for several purposes in its operations and finances. Most prominently, in the context of this proceeding, they enable the Postal Service to develop the costs and contributions for specific products, projected into the future, and conditional on specific proposed price adjustments and implementation dates. Furthermore, many of the materials consist of sub-reports, workpapers, and other documentation used to create the output reports that summarize financial results by product. These materials share the protected status and confidential nature of the basic reports, since they provide the building blocks that permit compilation of the data and

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statistics and would permit competitors to gain the same types of knowledge, understanding, and insights at finer levels of detail. The Postal Service believes that this information would lead to competitive harm, if publicly disclosed.

As explained below, the data and information considered to be non-public can be classified in several general groupings: product cost information; general product volume and revenue information; and product billing determinants. The following describes generally the expected harms from each of these classes of information.

Cost Information

Information relating to the costs of producing products is generally considered to be among the most sensitive commercial information. The Product Cost & Contribution Estimation Model (PCCEM) and the nonpublic Reallocated Trial Balances present data and statistics for products that would provide competitors with valuable information, enabling them to better understand the Postal Service's cost structures, operational capabilities, and its pricing and marketing strategies. This confidential information includes per-piece costs in several analytical categories (attributable costs, volume variable costs, and product-specific costs), as well as cost contribution and cost coverage (margin) by product. Such information would be extremely valuable to competitors in assessing the strengths and weaknesses of various postal products. Armed with detailed product cost information, competitors would be able to better identify and understand areas where they could adapt their own operations to be more competitive with postal products and better assess how to price and market their own products in such a way as to target the Postal Service's weaknesses and compensate for its strengths in producing and marketing various products. Furthermore, information

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contained in the various sub-reports, workpapers, and other documentation that feed the reports would provide an even more refined knowledge of the Postal Service's costs, cost structures, and capabilities. In this regard, the structure of the Postal Service's analytical tools and reports is well known among the postal community from years of exposure in general rate cases under the former regulatory regime. Postal costs are recorded in elaborate systems of general ledger accounts. These are grouped into various functional and other categories (cost segments and components) for further analysis and ultimate allocation and distribution to individual products. The level of detail contained in the sub-reports and workpapers is highly refined and would enable competitors, and existing and potential customers with whom the Postal Service might negotiate particular contract rates, to gain competitive or negotiating advantages that could lead to suppressing potential financial gains from the sale of postal products or the diversion of business away from the Postal Service to competitors. Either of these results would constitute serious commercial harm.

Volume and Revenue Information

Competitors could use the product-specific revenue, pieces, and weight information to analyze the Postal Service's possible market strengths and weaknesses and to focus sales and marketing efforts on those areas, to the detriment of the Postal Service. Disclosure of this information would also undermine the Postal Service's position in negotiating favorable terms with potential customers, who would be able to ascertain critical information about relevant product trends (e.g., average revenue per piece, average weight per piece). The Postal Service considers these to be highly

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probable outcomes that would result from public disclosure of the material filed nonpublicly.

With respect to forecasting information, if the information that the Postal Service determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal Service considers it quite likely that it would suffer commercial harm. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. Competitors could use recent volume data, estimated elasticities, and volume forecasts to analyze the Postal Service's possible market strengths and weaknesses and to focus sales and marketing efforts on those areas, to the detriment of the Postal Service. Disclosure of this information would also undermine the Postal Service's position in negotiating favorable terms with potential customers, who would be able to ascertain critical demand information about relevant products (e.g., does the Postal Service consider the product to be price elastic; does the Postal Service expect demand for the product to be expanding or contracting). More broadly, interested parties could gain, at no effort or expense to themselves, valuable analytic information about the variables that the Postal Service considers important in evaluating market demand, and structure their strategic behavior accordingly. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the material filed nonpublicly.

Billing Determinants

Billing determinants present a special category of volume and revenue information that would enable highly refined understanding of individual products

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aligned specifically to their specific price structures. In this regard, billing determinants present a picture of each product's experience, analyzed according to the different mail characteristics that comprise the elements of the product's price structure. Detailed billing determinants, especially combined with specific product cost information, would enable competitors to better analyze strengths and weaknesses of individual products, including specific elements of the markets for them, such as advantages in certain weight categories and distance zones. This information would provide insights into how competitors might adapt their operations and product offerings, alter their pricing, and target their marketing to take business away from the Postal Service.

Armed with this type of information, competitors would likely focus their marketing and price cutting efforts on the Postal Service's most profitable products. This would lead to erosion of contribution for these products through lost sales and/or the need to lower prices to remain competitive. Postal product cost and contribution information would provide suppliers of postal transportation and other services with information they could use to seek higher rates for services they provide. This would lead to higher postal costs and loss of contribution. Although the extent of the commercial harm is difficult to quantify, even small changes in market share, prices, or costs could lead to millions of dollars in lost revenue, higher costs, and lower margins. It is highly likely that if this information were made public, the Postal Service's competitors and suppliers would take advantage of it almost immediately.

(5) At least one specific hypothetical, illustrative example of each alleged harm;

The following restates the harms discussed above and presents at least one hypothetical situation illustrating the consequences of disclosure.

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Harm: Competitors, mailers, and suppliers could use cost, revenue, and volume summary data and statistics in the PCCEM, disaggregated by individual product, to gain knowledge and insights regarding the relative strengths and weaknesses of the Postal Service's competitive product lines. Such refined understanding would give competitors advantages in seeking to divert business from the Postal Service and to gain new business for which the Postal Service might compete. Mailers and suppliers would be able to negotiate favorable deals with the Postal Service more effectively. As a result, the Postal Service would experience losses of existing and new business, or erosion of contributions and margins.

Hypothetical: The Product Cost and Contribution Estimation Model (PCCEM) provides data by product indicating total revenues, attributable costs, volume variable costs, product specific costs, and per-piece attributable costs, contribution, and cost coverage (margin), broken out by individual product. Hypothetically, this information would be made public. Competitors would use it to gain a refined understanding of the relative strengths and weaknesses of the Postal Service's product lines (domestic and international), the individual strengths and weaknesses of particular products, and the degree to which products are sold through public schedules, compared to contract pricing arrangements. This information would provide a better foundation to enable competing firms to make decisions regarding investments and product design in their own product lines. For example, firms that have individual products for domestic express service (overnight) or international express service, as well as products comparable to Priority Mail, could assess their own prospects for competing with these product lines, respectively, and decide to allocate investments in improved operations, supplier arrangements, and technologies to improve their competitive positions against the weakest Postal Service products. To the extent that these decisions made firms more competitive, the Postal Service could lose existing or new business.

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Hypothetical: Cost, contribution, and/or cost coverage information is released to the public and available to a competitor. The competitor, including foreign postal administrations operating in the United States, could assess the profitability of certain services based on the data released. The competitor then would target its advertising and sales efforts at actual or potential customers in market segments where the Postal Service has substantial contribution, thereby hindering the Postal Service's ability to keep these customers' business.

Hypothetical: Cost, contribution, and/or cost coverage information is released to the public and available to a supplier of materials, transportation, or other services. Suppliers would be made aware of expected contribution margins by product and would be better able to assess the relative strengths and weaknesses of the Postal Service's product lines. With this information, suppliers, including foreign postal administrations in the case of international products, would decide to increase the rates they charge the Postal Service to provide transportation and/or other services, or would be able to negotiate better prices for their goods and services.

Hypothetical: Cost information in the PCCM or the Reallocated Trial Balances is disclosed to the public. Mailers who seek to negotiate individual contract rates with the Postal Service would gain a better understanding of the average or unit costs of particular products, as well as the relative and absolute strengths and weaknesses of particular product lines. This information would enable the mailers to negotiate contract rates with the Postal Service more effectively than in the absence of such information. Similar disclosures would result in advantages for foreign postal administrations or other competitive entities in international mail.

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Harm: The various companion reports, sub-reports, workpapers, and other documentation contained in the Nonpublic Annex would provide detailed and refined knowledge and understanding of the individual costs, cost structures, contributions, and cost coverages (margins) of individual postal products. These materials, which produce and support the summary data and statistics contained in the PCCEM, would provide highly detailed information regarding operational procedures used to produce the products, the costs and relative efficiencies of operations and sub-operations, and the amount and character of overhead, including the relative proportions of volume variable and overhead costs. Companion reports and sub-reports provide detailed functional analyses of Postal Service costs within a framework that is well-understood, or easily learned, from information in the Public Annex, or from familiarity with or research into past postal rate cases. Public disclosure would therefore be tantamount to publishing virtually every detail regarding the relative costs and efficiencies of providing postal competitive products. This information would provide blueprints for competitors, suppliers, and mailers who might seek to negotiate favorable contract rates. The information would better enable them to make favorable operational, investment, pricing, and marketing decisions in relationships with the Postal Service. The results would be loss of existing or future business for the Postal Service, or the erosion of total revenues, contributions, margins, and overall financial stability.

Hypothetical: The Nonpublic PCCEM is disclosed to the public. These reports group costs recorded in postal accounts according to various functional categories. The costs are distributed by postal product. Disclosure would provide competitors with a detailed understanding of the cost structures of each competitive postal product, the relative strengths and weaknesses of each product from cost perspectives, and the flexibilities available to the Postal Service within the legal framework applicable to postal prices. The refined understanding resulting from disclosure would better enable competitors to make decisions that would compensate for Postal Service strengths and capitalize on its weaknesses. These decisions might involve design of competing firms' own products, alternative price structures, operational procedures, and marketing strategies. They could also involve formulation of negotiating approaches and strategies by existing and potential suppliers of goods and services used in producing postal products, and

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the formulation of more informed negotiating positions by mailers seeking to enter into favorable contract rate arrangements with the Postal Service. Such competitive advantages could lead to diversion of business away from the Postal Service or reduction of potential contribution from individual contracts.

Hypothetical: Cost distribution models, cost estimation models, and several sub-reports feeding into the PCCEM are disclosed to the public. These materials provide highly refined information that would improve understanding of product cost structures and the behavior of postal costs. Certain cost reports, such as those outlining in detail the application of specific cost pools by mail processing operation in estimating product costs, would provide detailed knowledge of operational procedures employed by the Postal Service in offering products and services. This information would enhance competitors' abilities to make informed decisions about investment in capital and technologies used to produce their own competing products. For example, knowledge of inflexibilities in processing Priority Mail, or in transportation used to convey Parcel Return Service, might lead competitors to explore more efficient processing of competing products, or to negotiate more competitive transportation contracts used for competing products. Over time, annual disclosures of such information would enable competitors (or suppliers and mailers) to identify and understand trends in cost behavior that would better inform their decision-making. Such developments would lead to an erosion of the Postal Service's competitive position and a loss of business or contribution.

Hypothetical: Cost models and sub-reports feeding the PCCEM are disclosed to the public. Detailed knowledge of the Postal Service's cost estimation, cost distribution,

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and special study models and procedures would provide competitors, as well as mailers who seek favorable contract rates, with tools that would enhance their abilities to analyze postal costs and operations. While large, sophisticated firms who have competed with the Postal Service for long periods of time might not benefit as much from these models, since they have been exposed to them before and likely have developed their own sophisticated analytical tools, the availability of this information might benefit new firms and, in effect, decrease barriers to entry in certain competitive markets.

Harm: Competitors could use disaggregated product volume, weight, and revenue distribution information to assess vulnerabilities and focus sales and marketing efforts to the Postal Service's detriment.

Hypothetical: Disaggregated revenue, volume, and weights contained in the Nonpublic Annex are disclosed to the public. Another delivery service's employee could monitor the filing of this information and pass it along to the firm's sales and marketing functions. The competitor could assess the profitability of certain services on a per-piece or per-pound basis, or the Postal Service's relative concentration in certain service offerings. The competitor could then target its advertising and sales efforts at actual or potential customers in market segments where the Postal Service appears to have made headway, hindering the Postal Service's ability to reach out effectively to these customers.

Harm: Competitors could use forecasted volume information to assess vulnerabilities and focus sales and marketing efforts to the Postal Service's detriment.

Hypothetical: Demand analysis and forecasting material for competitive products is released to the public. Another delivery service's employee monitors the filing of this

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information and passes the information along to its sales and marketing functions. The competitor assesses the historic and projected volume trends. The competitor then targets its advertising and sales efforts at actual or potential customers in market segments where the Postal Service appears to expect to make headway, hindering the Postal Service's ability to reach out effectively to these customers.

Harm: Customers or competitors could use estimated price elasticities to guide their positions in NSA negotiations or price setting.

Hypothetical: Demand analysis and forecasting material for competitive products is released to the public. A customer preparing to negotiate an NSA with the Postal Service recognizes that the Postal Service considers demand for the product in question to be elastic (i.e., above unitary elasticity). On that basis, the customer pushes for deeper discounts than otherwise might seem achievable. The resulting lower rates generate less contribution from the NSA. Alternatively, a competitor could examine the cross-price elasticities and, in determining how to set its own annual price adjustments, could put a relatively larger share of the price increase on its product with the lower cross-price elasticity, and a relatively smaller share on its product with the higher cross-price elasticity. As a result, the Postal Service achieves less volume and revenue growth than it might have otherwise.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the portions of the materials filed nonpublicly and relating to competitive products should be withheld from persons involved in competitive decision-making in the relevant markets for competitive delivery products

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(including private sector integrators and foreign postal administrations), as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service for these or similar products should not be provided access to the nonpublic materials.

(7) The length of time deemed necessary for the nonpublic materials to be protected from public disclosure with justification thereof; and

The Commission's regulations provide that nonpublic materials shall lose nonpublic status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

(8) Any other factors or reasons relevant to support the application.

None.

Conclusion

For the reasons discussed, the Postal Service asks that the Commission grant its application for nonpublic treatment of the Nonpublic Annex for Docket No. R2010-4.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, FAX: -5402
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