

**BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001**

**Transferring Commercial Standard Mail
Parcels to the Competitive Product List**

Docket No. MC2010-36

**PARCEL SHIPPERS ASSOCIATION COMMENTS
ON
THE UNITED STATES POSTAL SERVICE REQUEST
TO TRANSFER COMMERCIAL STANDARD MAIL FULFILLMENT PARCELS
TO THE COMPETITIVE PRODUCT LIST
(September 24, 2010)**

The Parcel Shippers Association (PSA) files these Comments pursuant to Postal Regulatory Commission (Commission) Order No. 521 that invited comments on whether the Postal Service's Request¹ in the above-captioned docket is consistent with the policies of 39 U.S.C. 3633, 39 U.S.C. 3642, and 39 C.F.R. 3020 subpart B.

Statement of Position

Based on the current state of the record, it appears that the transfer of commercial Standard Mail Fulfillment Parcels² to the competitive product list in the Mail Classification Schedule (MCS) would be premature. It is uncontradicted on this record that the Postal Service presently enjoys a market dominant position in the

¹ Request of the United States Postal Service to Transfer Commercial Standard Mail Parcels to the Competitive Product List, August 16, 2010 ("Request" or "USPS Request").

² In docket R2010-4 the Postal Service proposes to segment Standard Mail parcels into two main categories: Marketing Parcels and Fulfillment Parcels. Current commercial and nonprofit Standard Mail Parcels would become Standard Mail Fulfillment Parcels. These comments assume the Commission will approve that proposal.

commercial Standard Mail Fulfillment Parcels market. As discussed below, the market dominance results from factors such as the existing universal delivery network, the mail box monopoly, and price. In docket R2010-4 the Postal Service proposes a substantial increase in price for these parcels. In that docket, PSA argues that the proposed price increase is unreasonable, inequitable, and unnecessary and should not be allowed. But, even if the Commission approves such an increase, the record in docket R2010-4 suggests the Postal Service would still enjoy a position of market dominance.

This Request also raises complicated issues that need to be fully explored and have not been resolved despite questions presented to the Postal Service. It would eliminate the regulatory ceiling on commercial Standard Mail Fulfillment Parcel prices and potentially open the door to massive price increases (particularly if the market is not truly competitive).

Perhaps some time in the future the Postal Service will be able to demonstrate that it no longer enjoys a dominant position in this market. If prices are increased incrementally under the price cap, as PSA urges in docket R2010-4, until the Postal Service and the Commission are satisfied that this product covers its costs and makes a reasonable contribution to institutional costs, the market dominant characteristics could be reevaluated. However, it is also possible that other competitive advantages the Postal Service enjoys will allow it to continue to dominate this market, even with substantially higher prices. We just do not know on this record at this time. In the meantime, however, the Postal Service should not be allowed to abuse its monopoly power by imposing massive price increases for any subset of Standard Mail

NFMs/Parcels as it proposed to do in docket R2010-4, or would be permitted to do if the Commission approves this Request.

Accordingly, PSA urges the Commission to deny the Request at this time. The record simply does not establish that commercial Standard Mail Fulfillment Parcels are not market dominant products as defined by the statute. Alternatively, given the paucity of record evidence that favors the Postal Service request, the Commission could institute more comprehensive proceedings, including discovery and hearings, as contemplated by Commission rule 3020.55, to further explore the Request.³

Discussion

Parcel Shippers Association previously filed two motions for issuance of information requests, in hope that they would garner information to supplement the record in this proceeding and assist the Commission in its determination. Unfortunately, the Postal Service responses to the first Information Request did little to advance the state of the record.

For the Commission to approve this transfer, the Postal Service must show that commercial Standard Mail Fulfillment Parcels fail to meet the following definition of a market-dominant product:⁴

³ Further proceedings could be used to gather information in the following areas (among others): (1) the accuracy of the market share data cited in the Postal Service's request, (2) the Postal Service's share of markets segments where its cost advantages are likely highest, e.g., delivery to rural and residential addresses; (3) the extent of the advantage that the Postal Service's exclusive access to customer mailboxes provide the Postal Service in the delivery of commercial Standard Mail Fulfillment Parcels; and (4) whether the UPS and FedEx price points that the Postal Service provided in its Request, which come from just one customer, are at all representative.

⁴ The PAEA also specifies that "[i]n making any decision under this section, due regard shall be given to...the views of those who use the product involved on the appropriateness of the proposed action." Section 3642(b)(3). Not all PSA members have developed final positions on the appropriateness of the proposed action, but the general view of members that ship their product as commercial Standard Mail Fulfillment Parcels is that the Postal Service currently has a virtual monopoly in this market and that this would continue at substantially higher prices. Approving this proposal would be harmful to users of this

The market-dominant category of products shall consist of each product in the sale of which the Postal Service exercises sufficient market power that it can effectively set the price of such product substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products. The competitive category of products shall consist of all other products.

39 U.S.C. §3642(b)(1).

While the PAEA provides a process for transferring products from the market-dominant to competitive category of mail, the fact that Congress explicitly categorized all of Standard Mail, including parcels, as market-dominant places a substantial burden of proof on the Postal Service in order to justify the proposed transfer. See 39 U.S.C. §§ 3621(a) and 3642. The USPS Request and responses to Chairman's Information Request No. 1 ("CIR No. 1") do not come close to clearing this hurdle.⁵ Further, the

product and inappropriate. Without providing the exact number, the Postal Service says that multiple users of this product have expressed support for the proposed transfer because it will facilitate the negotiation of contract prices. Response to Chairman's Information Request No. 1, Question 8. Such responses may be due to a misunderstanding of the law and applicable Commission rules. PSA does not read the PAEA or Commission rules as forbidding the streamlined negotiation of competitive one-pound Parcel Select contracts for Standard Mail NFM/Parcels today. The Postal Service may be correct that its proposed contract prices are undercut by Standard Mail NFM/Parcels, but PSA sees no reason why shippers would view this as a reason to support the proposed transfer. USPS Request, Attachment B at 10. We can't imagine that, all else being equal, a parcel shipper would prefer paying higher competitive "contract prices" than lower Standard Mail NFM/Parcel "rack" rates.

⁵ Information that would be helpful, but which cannot be gleaned from that supplied by the Postal Service includes:

1. FY 2009, 2010, or 2011 cost estimates for commercial Standard Mail Fulfillment parcels, or even for all Standard Mail parcels, that could be used to develop a separate cost coverage estimate for Standard Mail parcels independent of the estimates for Not Flat Machinables (NFMs). (Response to Chairman's Information Request No. 1 ("CIR No. 1"), Question 1(a)).
2. Calendar Years 2008, 2009 and 2010 shares of revenue and volume broken down by under one pound "b" to "c", under one pound "b" to "c" parcels delivered to residential addresses, and under one pound "b" to "c" parcels delivered to rural addresses. (Response to CIR No. 1 Question 3). The Postal Service does not know the percentage of parcels that fall into each of those three categories. (Response to CIR No. 1 Question 4).
3. Competitors' parcel costs are unknown and therefore one cannot make a comparison to the Postal Service's costs. (Response to CIR No. 1 Question 5(b)).

current record strongly suggests that commercial Standard Mail Fulfillment Parcels are market dominant.

- Postal Service volume projection data filed in docket R2010-4 show only a relatively small drop in volume (with no indication of whether the decline was due to the loss of volume to "other firms offering similar products") in response to a massive price increase. See docket R2010-4, Masse Statement, Attachments 10-12 and Kiefer Statement at 10. Thus, according to Postal Service models, the Postal Service can "raise prices significantly...without risk of losing a significant level of business to other firms offering similar products." By the very definition of the Act, this makes them market dominant.
- The Postal Service's proposal to transfer these parcels from Market Dominant to Competitive rests on an assertion, which it proudly states is based upon no studies whatsoever, that commercial Standard Mail Fulfillment Parcels would be a competitive product if they covered their costs. See USPS Request, Attachment B at 6; Response to Chairman's Information Request No. 1, Questions 9 and 10. But the Postal Service's delivery network and statutorily-provided mailbox monopoly reward the Postal Service with significantly lower delivery costs than its competitors—particularly for the delivery of parcels that fit in mailboxes and delivery to rural and residential addresses. This suggests the

4. The Postal Service does not have information necessary to compare its own marginal delivery costs to that of its competitors. (Response to CIR No. 1 Question 6).

5. There is no data, studies or analyses that would support the Postal Service contention that its presentation of a shipping marketplace where the Postal Service's products cover their costs is realistic. (Response to CIR No. 1 Questions 7(b) and (c)).

6. The Postal Service has not polled its customers so it does not know what proportion of them would support, oppose or be neutral concerning the transfer, a necessary consideration mandated by the statute. (Response to CIR No. 1 Question 8(c)).

7. There are no studies or analyses that would confirm the supposition that the Postal Service cannot set prices substantially above costs or raise prices substantially without losing a significant level of business to other firms. (Response to CIR No. 1 Question 9).

8. There are no studies that would document the Postal Service contention that it could not decrease the quality or output of its parcels without risk of losing a significant level of business to other firms, nor has it quantified the level of service debasement that might cause a loss of business. (Response to CIR No. 1 Questions 10(a) and (b)).

9. There is no evidence to support its presumption that UPS and FedEx have to have full cost coverage for their under-one-pound parcels, and do not consider such parcels as "loss leaders". (Response to CIR No. 1 Question 14).

This record simply is not sufficient for the Commission to approve the Postal Service's request at this time.

Postal Service could “set the price of such product substantially above costs...without risk of losing a significant level of business to other firms offering similar products.” Further, its exclusive access to customers’ mailboxes likely provides the Service with a much larger competitive advantage in the delivery of under-one-pound parcels than in the delivery of over-one-pound parcels.

- Not only do commercial Standard Mail Fulfillment Parcels meet the statutory definition of Market Dominant products, they are also market dominant in an economic sense. In Calendar Year 2008, eighty percent of under-one-pound ground parcels were delivered by the Postal Service. USPS Request, Attachment B at 5. The Postal Service’s market share is likely even higher for parcels that would be subject to UPS and FedEx delivery surcharges, such as those delivered to residential and rural areas and portions of Hawaii and Alaska. Furthermore, the Postal Service’s exclusive access to customers’ mailboxes is likely to be a significant barrier to entry by USPS competitors.
- Based upon the very limited amount of pricing information filed in this proceeding, commercial Standard Mail Fulfillment Parcels prices appear to be much lower than its competitors’ prices. In fact, many UPS and FedEx surcharges alone are substantially higher than Standard Mail NFM/Parcels prices. This again suggests that the Postal Service has the market power to “raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products.”

Below, we discuss each of these points further.

1. *The Postal Service Currently Dominates The Under-One-Pound Ground Parcel Market*

According to the PAEA, a product is market-dominant if the Postal Service wields “sufficient market power....”⁶ As recognized by the Postal Service in its presentation of market share data in Attachment B of its Request, firms with large market shares generally wield significant market power.⁷

⁶ As evidenced by the reference to “sufficient market power” and the use of the term “significant” in the phrase “without risk of losing a significant level of business to other firms offering similar products” in the PAEA’s definition of a market-dominant product, the Postal Service need not have absolute market power for a product to be market-dominant. See 39 U.S.C. §3642(b)(1). And as a practical matter, there are very few markets with only one player.

⁷ In fact, Samuelson and Nordhaus suggest that a highly concentrated industry is one with a four firm concentration ratio of over 60 percent. See Economics sixteenth edition, Paul A. Samuelson and William D. Nordhaus, Irwin McGraw-Hill, 1998, page 170. In this instance, the one firm ratio is eighty percent.

The recent history of Postal Service prices and market share aptly demonstrate this point. Despite a near-doubling in price since 2006, the Postal Service still has eighty percent of the under-one-pound ground parcel market. Docket R2010-4, PSA Comments at 5; Request, Attachment B at 5. This demonstrates that presently the Postal Service can raise prices substantially without the loss of a significant volume of business to other firms. And, it is reinforced by the fact that the Postal Service projects little change in Standard Mail NFM/Parcels volumes (and thus market share) in response to the 23 percent price increase it proposed for this product in docket R2010-4. Docket R2010-4, Masse Statement, Attachments 10-12 and Kiefer Statement at 10.

The Postal Service's market power is increased by the substantial and significant barriers to entry facing other firms. In addition to the Postal Service's unique and ubiquitous delivery network, the Postal Service has exclusive access to consumers' mailboxes. As the Federal Trade Commission (FTC) found—

the mailbox monopoly reduces competition by granting the USPS exclusive access to consumers' mailboxes. This government-imposed restriction on competition raises private competitors' costs of delivering competitive products that otherwise could fit into a mailbox.

Federal Trade Commission, *Accounting for Laws That Apply Differently to the United States Postal Service and Its Private Competitors: A Report by the Federal Trade Commission* (December 2007) at 52 ("FTC Report").

Indeed, the Postal Service's comments to the FTC strongly imply that products that fit into the mailbox are market-dominant. *Id.* at 53.⁸

⁸ Specifically, the Postal Service stated, "In practice, concerns about a 'mailbox monopoly' advantage seem to boil down to arguments from the Postal Service's incumbency as a universal presence, with the historical assistance of the postal letter monopoly and with federal trappings. Since the size of most standard boxes is insufficient for the delivery of all but the smallest parcels and flats, the issue has been of primary concern in respect to market-dominant products." Postal Service Comments to the FTC (August 6, 2007) at 5.

2. *The Postal Service’s Assertion That It Would Lose Its Market Power If Commercial Standard Mail Fulfillment Parcel Prices Made A Reasonable Contribution Appears To Be Incorrect.*

The Postal Service implies that it would lose market share and thus market power if commercial Standard Mail Fulfillment Parcels prices were raised to cover costs and make a reasonable contribution. USPS Request, Attachment B at 6. Available cost and pricing data suggest that this is not the case.

a. *Available Information Suggests That Postal Service Prices Would Remain Much Lower Than Competitor Prices.*

One approach to test the Postal Service’s assertion would be to compare “all-in” prices⁹ that a shipper of under-one-pound ground parcels would pay using the Postal Service and its competitors. For delivery using the Postal Service, the appropriate prices for this comparison would be the combined price of postage and mail preparation (e.g., consolidator charges). For delivery using Postal Service competitors, the appropriate prices would be the prices (including surcharges) that are actually paid. Unfortunately, the current record includes no such pricing information since consolidator charges and UPS and FedEx contract prices are not publicly available.

The available data, however, strongly suggest that the prices paid for delivery using the Postal Service would continue to be well below those charged by its competitors even if the Standard Mail NFM/Parcel cost coverage was similar to that for

⁹ A simple comparison of the prices presented in Attachment B (at 5) of the Request is not useful for the following reasons. First, the Postal Service prices are (1) for pieces that weigh exactly one pound while the average commercial Standard Mail Fulfillment Parcels weigh less than half that much; and (2) for a preparation option – Origin Entered, Mixed NDC Presort – that is barely used. USPS Request, Attachment B at 5; Response to Chairman’s Information Request No. 1, Question 17. Second, the UPS and FedEx prices presented in this Attachment (1) are based upon the rates paid by only one shipper and (2) do not include applicable surcharges. USPS Request, Attachment B at 5; Response to Chairman’s Information Request No. 1, Question 16.

the Postal Service’s competitive Commercial Ground products. The Postal Service projects the FY 2011 unit attributable cost of Standard Mail NFM/Parcels to be \$1.22.¹⁰ Docket R2010-4, Masse Statement, Attachment 12. At the FY 2009 Commercial Ground cost coverage of 120 percent, the Postal Service price would be \$1.46 per piece.

- This price—\$1.46 per piece—is substantially less than just the delivery surcharges (detailed in Appendix A) that other firms charge for delivery to rural and residential areas and portions of Alaska and Hawaii. PSA understands that these surcharges likely apply to a substantial portion of UPS and FedEx parcels, particularly business-to-consumer parcels.¹¹

**Table 1. UPS and FedEx Surcharges for Ground Parcels
(Source: Appendix A)**

Surcharge	UPS		FedEx
	Commercial	Residential	
Delivery Area*	\$1.70	\$2.50	\$2.50**
Extended Delivery Area*	\$1.70	\$2.75	\$2.75**
Remote Area – Alaska	\$15.00		\$30.00***
Remote Area – Hawaii	\$6.00		\$11.00
Remote Area – Intra-Hawaii			\$1.00
Residential Surcharge		\$2.20	\$2.50
*Generally applies to rural and suburban ZIP Codes.			
**Only applies to delivery to residential addresses in these areas.			
***For parcels up to 70 lbs. Surcharge doubles for packages originating and destinating in rural points in Alaska.			

¹⁰ As PSA explained in docket R2010-4, the Postal Service’s estimate of FY 2011 Standard Mail NFM/Parcel unit attributable costs is substantially overstated. Docket R2010-4, PSA Comments, Section III.b.; PSA Reply Comments at 3; PSA Further Comments at 1.

¹¹ Because PSA expects that a larger percentage of Postal Service volumes are business-to-consumer and are likely to be delivered to residential and rural addresses, these surcharges would be applicable to a larger portion of Postal Service volumes (if delivered by UPS or FedEx).

- While the \$1.46 price does not include consolidator charges, it is 60-70 percent less than the UPS and FedEx prices cited in Attachment B, which don't include the substantial surcharges in Table 1¹² and the 5.5% fuel surcharges UPS and FedEx currently charge.¹³

b. Postal Service Costs for Delivering Small Parcels Are Much Lower Than That For Its Competitors.

Because Postal Service letter carriers pass by essentially all addresses six days each week, PSA expects that the Postal Service's marginal parcel delivery cost is generally less than that of other firms, particularly in higher-cost delivery areas. This is likely why other firms place significant surcharges on these deliveries.

The Postal Service's cost advantage is magnified in the case of Standard Mail NFM/Parcels because we understand that they often are small enough to be delivered to mailboxes. While PSA is unaware of any conclusive studies that address the effect of the Postal Service mailbox monopoly on the delivery costs of other firms, the FTC concluded that these costs "may be substantial." Other firms certainly believe this to be the case:

Whereas the USPS can deliver such competitive products directly to these mailboxes, private competitors must park their vehicles and take the parcel to the customer's door, perhaps having to return if the customer is not present and has not authorized the package to be left. In this manner, the mailbox monopoly makes non-USPS delivery of competitive products less attractive, likely causing some consumers to use USPS services who otherwise would not or to use them less intensively.

¹² In response to Chairman's Information Request No. 1, Question 16, the Postal Service stated that the customer whose UPS and FedEx prices were presented in Attachment B of its request received an undisclosed discount on the surcharges. In the absence of any quantification of this discount, PSA has no reason to believe that it is of any importance.

¹³ http://www.ups.com/content/us/en/shipping/cost/zones/fuel_surcharge.html; <http://fedex.com/us/services/fuelsurcharge.html>

Although no commenters provided estimates of the costs of the mailbox monopoly, it may be substantial. According to UPS:

[T]he Postal Service mailbox monopoly has the direct effect of raising the labor costs private sector competitors incur for delivery to many customers. The effect is most pronounced where the Postal Service, unlike private competitors, can deliver to a mailbox or bank of boxes that are a significant distance from a customer's door, such as in apartment buildings, rural areas, and some cluster housing. . . . The added labor costs for private companies to deliver, or in many cases re-deliver, to a residential door are quite large.

Further, Federal Express notes that some studies have shown that delivery to the door is twice as expensive as curbside delivery. Thus, the economic importance of the mailbox rule has escalated as curbside boxes have become the most common type of mail receptacle. (Footnotes omitted.)

FTC Report at 52-53.

Conclusion

The Postal Service has failed to carry its burden of demonstrating that the parcels proposed for transfer to the Competitive Products List do not meet the statutory definition of market-dominant. These parcels were declared market-dominant by law, and there has been insufficient demonstration by the Postal Service that their market characteristics have changed, or that they no longer meet the statutory definition of market dominance.

Perhaps some time in the future the Postal Service will be able to demonstrate that it no longer enjoys a dominant position in this market. If prices are increased incrementally under the price cap, as PSA urges in docket R2010-4, until the Postal Service and the Commission are satisfied that this product covers its costs and makes a

reasonable contribution to institutional costs, the market dominant characteristics could be reevaluated. However, it is also possible that other competitive advantages the Postal Service enjoys in this market will allow it to continue to dominate this market, even with substantially higher prices. In the meantime, however, the Postal Service should not be allowed to abuse its monopoly power by imposing massive price increases for any subset of Standard Mail NFMs/Parcels as it proposed to do in docket R2010-4, or would be permitted to do if the Commission approves this Request.

Accordingly, PSA urges the Commission to deny the Request at this time. Alternatively, given the paucity of record evidence that favors the Postal Service request, the Commission could institute more comprehensive proceedings, including discovery and hearings, as contemplated by Commission rule 3020.55, to further explore the Request.

Respectfully submitted,

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Dated: September 24, 2010

Appendix A – UPS and FedEx Surcharges for Ground Parcels

UPS

Delivery Area Surcharge

Definition: The Delivery Area Surcharge is a fee that applies to each package delivered to certain ZIP Codes within the 48 contiguous states.¹⁴ According to the UPS website, this surcharge currently applies to 4,181 distinct ZIP Codes.¹⁵

Surcharge Rates: Commercial → \$1.70
Residential → \$2.50

Delivery Area Surcharge – Extended

Definition: The Delivery Area Surcharge – Extended is a fee that applies to each package delivered to certain ZIP Codes within the 48 contiguous states.¹⁶ According to the UPS website, this surcharge currently applies to 19,258 distinct ZIP Codes.¹⁷

Surcharge Rates: Commercial → \$1.70
Residential → \$2.75

Remote Area Surcharge

Definition: The Remote Area Surcharge applies to each package delivered to certain ZIP Codes within Alaska and Hawaii.¹⁸ According to the UPS website, this surcharge currently applies to 68 and 209 distinct ZIP Codes in Hawaii and Alaska, respectively.¹⁹

Surcharge Rates: Alaska → \$15.00
Hawaii → \$ 6.00

Residential Surcharge

¹⁴ UPS Rate and Service Guide, 2010 Retail Rates, p. 60. (http://www.ups.com/media/en/retail_rates.pdf)

¹⁵ http://www.ups.com/media/en/area_surcharge_zips_us.xls

¹⁶ UPS Rate and Service Guide, 2010 Retail Rates, p. 60. (http://www.ups.com/media/en/retail_rates.pdf)

¹⁷ http://www.ups.com/media/en/area_surcharge_zips_us.xls

¹⁸ UPS Rate and Service Guide, 2010 Retail Rates, p. 61. (http://www.ups.com/media/en/retail_rates.pdf)

¹⁹ http://www.ups.com/media/en/area_surcharge_zips_us.xls

Definition: The Residential Surcharge is defined as a delivery to a location that is a home, including a business operating out of a home, that does not have an entrance open to the public.²⁰

Surcharge Rates: \$2.20

²⁰ UPS Rate and Service Guide, 2010 Retail Rates, p. 61. (http://www.ups.com/media/en/retail_rates.pdf)

FedEx

Delivery Area Surcharge

Definition: The delivery area surcharge applies to package shipments destined to select U.S. Zip codes. It is assessed only on residential deliveries.²¹ According to the FedEx website, this surcharge currently applies to 4,181 distinct ZIP Codes.²²

Surcharge Rates: Residential → \$2.50

Delivery Area Surcharge – Extended

Definition: The Delivery Area Surcharge – Extended is a fee that applies to each package delivered to certain ZIP Codes within the 48 contiguous states.²³ According to the FedEx website, this surcharge currently applies to 19,258 distinct ZIP Codes.²⁴

Surcharge Rates: Residential → \$2.75

Rural Delivery – Alaska & Hawaii

Definition: The Rural Delivery – Alaska & Hawaii is applied for shipments destined for areas in Alaska and Hawaii that are remote, sparsely populated or geographically difficult to access.²⁵ According to the FedEx website, this surcharge currently applies to 68 and 209 distinct ZIP Codes in Hawaii²⁶ and Alaska²⁷, respectively.

Surcharge Rates: Alaska → \$30.00 (up to 70 lbs.) / \$100 (> 70 lbs.)²⁸
Hawaii → \$11.00

Delivery Area Surcharge – Intra-Hawaii

Definition: The Delivery Area Surcharge – Intra-Hawaii is applied for shipments destined for areas of Hawaii that are remote, sparsely

²¹ FedEx Service Guide, p. 93. (http://images.fedex.com/us/services/pdf/Service_Guide_2010.pdf)

²² http://images.fedex.com/us/services/pdf/DAS_ContiguousUS.txt

²³ FedEx Service Guide, p. 93. (http://images.fedex.com/us/services/pdf/Service_Guide_2010.pdf)

²⁴ http://images.fedex.com/us/services/pdf/DAS_ContiguousUS_Extended.txt

²⁵ FedEx Service Guide, p. 100. (http://images.fedex.com/us/services/pdf/Service_Guide_2010.pdf)

²⁶ http://images.fedex.com/us/services/pdf/DAS_Hawaii.txt

²⁷ http://images.fedex.com/us/services/pdf/DAS_Alaska.txt

²⁸ The surcharge doubles for packages originating from and destined to rural points in Alaska.

populated or geographically difficult to access.²⁹ According to the FedEx website, this surcharge currently applies to 27 distinct ZIP Codes in Hawaii.³⁰

Surcharge Rates: Hawaii → \$1.00

Residential Surcharge

Definition: The Residential Surcharge is applied to shipments to a home or private residence, including locations where a business is operated from a home.³¹

Surcharge Rates: FedEx Ground → \$2.50
FedEx Home → \$2.20

²⁹ FedEx Service Guide, p. 93. (http://images.fedex.com/us/services/pdf/Service_Guide_2010.pdf)

³⁰ http://images.fedex.com/us/services/pdf/DAS_IntraHawaii.txt

³¹ FedEx Service Guide, p. 99. (http://images.fedex.com/us/services/pdf/Service_Guide_2010.pdf)