

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

TRANSFERRING COMMERCIAL STANDARD MAIL  
PARCELS TO THE COMPETITIVE PRODUCT LIST

Docket No. MC2010-36

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO  
QUESTIONS 1-2, 5-11 OF COMMISSION'S INFORMATION REQUEST NO. 1  
(December 15, 2010)

The United States Postal Service hereby provides its responses to Questions 1 to 2 and 5 through 11 of Commission's Information Request No. 1, dated November 24, 2010. Answers were sought no later than today. Each question is stated verbatim and is followed by the response. Responses to Questions 3 and 4 are forthcoming.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
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**Question 1**

Pursuant to the provisions of 39 CFR 3020.32, please provide a revised Statement of Justification reflecting the Postal Service's current proposal.

**RESPONSE:**

The Postal Service has revised the original Statement of Supporting Justification.

The revised version appears at Attachment A.

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**Question 2**

Without an accompanying proposed increase in commercial Standard Mail Parcels, please explain:

- a. Why the transfer will not result in the violation of any of the standards of 39 U.S.C. 3633; and
- b. How the effects of the transfer can be fully assessed in the absence of a proposed change in rates.

**RESPONSE:**

- (a) Compliance with the standards set forth in section 3633 is evaluated through the Annual Compliance Review process and is ultimately determined as part of the Commission's Annual Compliance Determination. Shortly after the transfer of commercial Standard Mail Parcels to the competitive product list, the Postal Service will adjust prices as necessary to ensure that Parcel Select continues to cover its attributable costs. As a result, the FY2011 Annual Compliance Review should result in a finding that the standards set forth in section 3633 continue to be met. Interpreting title 39 to require that compliance with section 3633 be evaluated the moment a transfer to the competitive product list occurs would mean that no product that is improperly classified on the market-dominant list and is priced below costs could ever be transferred to the competitive product list as a standalone product.
- (b) It is unclear to the Postal Service why the effects of the transfer cannot be assessed in the absence of a proposed change in rates. In regard to rates, the effect of the transfer will be that the Postal Service will have more flexibility in changing rates for the transferred product. Although it may be ideal to effect the

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transfer and an increase in rates simultaneously, it is not clear to the Postal Service that that is possible under the transfer structure provided in title 39.

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**Question 5**

In the context of 39 U.S.C. 3662(b)(1), please, if possible:

- a. Quantify the degree of risk (likelihood) of losing a significant level of business needed to demonstrate that the Postal Service does not exercise sufficient market power over the market dominant parcels to be transferred.

If not possible, please elaborate.

- b. Quantify, in terms of the percentage of volume and revenue, the loss of business that would be needed to demonstrate that the Postal Service does not exercise sufficient market power over the market dominant parcels to be transferred.

If answers are not possible, please elaborate.

**RESPONSE:**

(a)-(b) This response assumes that the question was intended to refer to section 3642(b)(1). The question essentially asks the Postal Service to convert the language of section 3642(b)(1) into a numerical equation. That is in some sense an impossible task. The provision is written with open-ended language that necessitates a subjective assessment. The Postal Service is not aware of any legislative history that sets forth the degree of risk needed to satisfy the section 3642(b)(1) standard or the percentage level of business that would be considered "significant."

Nonetheless, it may be useful to note some observations regarding section 3642(b)(1). First, the standard set forth in section 3642(b)(1) is whether particular actions result in a risk to the Postal Service losing a significant level of business, not whether such actions actually result in the loss of a significant level of business. Second, because there is no qualifier before the word "risk," it

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would be inappropriate to read one into the statute. That is, the question is not whether there is, for example, a "substantial" risk, or a "significant" risk, or even a "material" risk. The question is simply whether there is a risk. Third, when prices are raised, it is possible to lose a significant level of business in terms of volume yet still increase revenue. Indeed, this is the usual effect of a price increase. Therefore a price increase that risks the loss of volume but not the loss of revenue should satisfy the section 3642(b)(1) standard.

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**Question 6**

Given the Postal Service's revised proposal and in the context of 39 U.S.C. 3642(b)(1), please, if possible:

- a. Assess the risk to the Postal Service of losing a significant level of business due to (i) increasing prices of commercial Standard Mail Parcels significantly; and (ii) setting the price for commercial Standard Mail Parcels substantially above costs.
- b. Estimate the business, in terms of annual volume and revenue, that the Postal Service would lose if prices of the transferred parcels are adjusted to insure the standards of 39 U.S.C. 3633 are met.
- c. Estimate the proportion of the business lost in (b) above to firms offering similar service.

Provide supporting documentation for answers to the foregoing. If answers are not possible, please elaborate.

**RESPONSE:**

(a)-(c) The Postal Service will begin by addressing subparts (b) and (c) and then respond to subpart (a). Subpart (b) appears to ask how much volume and revenue the Postal Service would lose if the prices for Lightweight Parcel Select are increased to ensure that Parcel Select as a whole covers its attributable costs. The Postal Service cannot estimate the volume or revenue that would be lost because it does not have an elasticity for commercial Standard Mail Parcels. In Docket No. R2010-4, the Postal Service calculated the long run elasticity of Standard Mail Regular to be -0.24 and the long run elasticity of Parcel Select to be -0.47. While it is likely that the actual elasticity of commercial Standard Mail Parcels would differ, possibly even substantially, from the elasticity of Standard Mail Regular as a whole, the Postal Service does not currently have data to produce that number. To the extent that commercial Standard Mail Parcels is

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similar to Parcel Select in the eyes of its customers, one might assume that its elasticity would be closer to Parcel Select than to Standard Mail Regular, which is dominated by advertising letters and flats. Nevertheless, in the absence of more complete data, no satisfactory numerical estimate of, or proxy for, its elasticity is possible. Yet given its similarity to Parcel Select, it is not unreasonable for the Postal Service to believe that, in response to a price increase, revenue would likely increase, while volume would fall.

Because the Postal Service cannot calculate a response to subpart (b), it cannot calculate a response to subpart (c). More generally, the scenario in subpart (b) may not be relevant to determining whether the standard set forth in section 3642(b)(1) is met, because the price increases for Lightweight Parcel Select that are necessary to ensure that Parcel Select covers its attributable costs may not be "significant" and certainly are not increases "substantially above costs."

Turning to subpart (a), to the extent that the question seeks a quantified assessment of risk, the Postal Service is unable to provide a response. However, it is notable that increases in the price of commercial Standard Mail Parcels over the last two years have resulted in a significantly changed mail mix. Standard Mail Parcels and NFMs experienced price increases of 16.4 percent in the third quarter of FY2009 and 9.7 percent in the third quarter of FY2008. The Postal Service estimates that in FY2010, commercial and nonprofit Standard Mail Parcels presorted to the 5-Digit level constituted 58.9 percent of total commercial and nonprofit Standard Mail Parcel volume, compared to 40.4 percent in FY2009

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and 27.6 percent in FY2008. Thus, it is clear that the FY2008 and FY2009 price increases have caused the Postal Service to lose significant levels of end-to-end business, while gaining some of it back in presort business. A price increase "substantially above costs" would likely be markedly higher than FY2009 and FY2008 price increases. It is impossible that a price increase of such magnitude would not result in at least the risk of the Postal Service's competitors gaining a significant level of its business, particularly when those competitors already receive roughly one-fifth of volume.

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**Question 7**

Following up on the response to CHIR No. 1, question 8(c), please provide the number of "multiple customers" that have informally expressed support for the transfer as modified by the Supplement.

**RESPONSE:**

Three of the top ten customers for the transferred product have expressed support.

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**Question 8**

Please refer to the Postal Service's response to CHIR No. 1, question 9(a). Is it the view of the Postal Service that regardless of the price differential, the required statutory demonstration in 39 U.S.C. 3642 that it is unlikely that the Postal Service can raise prices significantly without the risk of losing a significant level of business is satisfied by the mere presence of "high quality providers" that are "ready and willing to take on the Postal Service's business?" If not, please explain.

**RESPONSE:**

The "mere presence" of a high quality provider ready and willing to take on the Postal Service's business would not necessarily result in the standard set forth in section 3642 being met. For example, the provider may not have demonstrated any real ability to gain market share in the market in question. However, as noted in the Statement of Supporting Justification, the Postal Service's competitors have already managed to capture approximately one-fifth of the market for under one pound ground parcels, *despite* the sizeable price differential. In this situation, it is undeniable that a price increase substantially above costs would result in at least a risk that the Postal Service would lose a significant level of business to its competitors.

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**Question 9**

Please provide the FY 2010 average revenue per piece for commercial Standard Mail Parcels.

**RESPONSE:**

\$0.8802.

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**Question 10**

In its comments, the Parcel Shippers Association note competitors' widespread use of Delivery Area Surcharges and Delivery Area Surcharge-Extended that apply collectively to over 24,000 ZIP Codes. See 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, at Appendices A and B. How should such surcharges be taken into account in assessing competitors' prices.

**RESPONSE:**

It is the Postal Service's understanding that such surcharges or similar surcharges are generally added for delivery to residential addresses and rural areas, and possibly for other categories. Because commercial Standard Mail Parcels are largely delivered to residential addresses, competitors offering similar products would generally add surcharges to their prices.

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**Question 11**

Pursuant to Commission Rule 3020.31(f), please provide a copy of the applicable sections of the Mail Classification Schedule and the proposed changes therein in legislative format to reflect the Postal Service's current proposal.

**RESPONSE:**

Please see Attachment B.

# Attachment A

## Statement of Supporting Justification

I, Marc D. McCrery, Manager of Specialty Shipping, sponsor the Postal Service's Request that the Postal Regulatory Commission transfer commercial Standard Mail Parcels to the list of competitive products as a Lightweight subcategory of Parcel Select. This statement supports the Request by providing the information required by each applicable subsection of 39 C.F.R. § 3020.32, as indicated below. I attest to the accuracy of the information contained herein.

(a) *Demonstrate why the change is in accordance with the policies and the applicable criteria of chapter 36 of title 39 of the United States Code.*

As demonstrated below in subsections (b) through (i), the change complies with the applicable statutory provisions.

(b) *Explain why, as to market dominant products, the change is not inconsistent with each requirement of 39 U.S.C. 3622(d), and that it advances the objectives of 39 U.S.C. 3622(b), taking into account the factors of 39 U.S.C. 3622(c).*

As the Request is for a transfer to the competitive product list, this subsection is not applicable.

(c) *Explain why, as to competitive products, the addition, deletion, or transfer will not result in the violation of any of the standards of 39 U.S.C. 3633.*

Section 3633 sets forth three standards for competitive products. Subsection (a)(1) prohibits the subsidization of competitive products by market-dominant products. Subsection (a)(2) requires that each competitive product cover its attributable costs.

And subsection (a)(3) requires that all competitive products collectively cover an appropriate share of Postal Service institutional costs, which the Commission has determined to be 5.5 percent.

In fiscal year 2009, Standard Mail Parcels and NFM's had a collective cost coverage of 75.23 percent. Therefore, when commercial Standard Mail Parcels is transferred to the competitive product list as Lightweight Parcel Select, Lightweight Parcel Select will likely need a rate increase to ensure that Parcel Select as a whole continues to cover its attributable costs. Because compliance with section 3633 is evaluated through the Annual Compliance Review process, transferring the product and then instituting a rate increase will not present a problem. The post-transfer rate increase will ensure that the next Annual Compliance Review results in a finding that Parcel Select continues to cover its attributable costs.<sup>1</sup> Thus, subsection (a)(2) of section 3633 will be satisfied. Further, if subsection (a)(2) is satisfied, then subsection (a)(1) will necessarily be satisfied (assuming all other competitive products continue to cover their attributable costs).

As to subsection (a)(3) of Section 3633, in originally determining that 5.5 percent of institutional costs would be an appropriate share for competitive products to cover, the Commission considered the then current contributions of the products on the competitive product list. Commercial Standard Mail Parcels were not included in the competitive product list to make that determination. Had commercial Standard Mail Parcels been a component of Parcel Select and thus on the competitive product list at that time, the Commission likely would have determined the appropriate share of

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<sup>1</sup> Though the rate increase will likely be applied to Lightweight Parcel Select, for the purposes of section 3633 compliance it could be applied to other portions of Parcel Select instead, so long as Parcel Select as a whole covers its attributable costs.

institutional costs to be less than 5.5 percent, due to the downward effect of commercial Standard Mail Parcels' contribution. Therefore, if the transfer of commercial Standard Mail Parcels results in a reevaluation of the 5.5 percent figure, the number could be lowered. However, for practical purposes, the Postal Service believes that 5.5 percent can continue to be a suitable share of Postal Service institutional costs for competitive products to cover. The Postal Service is confident that, after the transfer of commercial Standard Mail Parcels to the competitive product list, competitive products will continue to cover 5.5 percent of Postal Service institutional costs. Thus, the transfer of commercial Standard Mail Parcels to the competitive product list should satisfy subsection (a)(3) of Section 3633.

*(d) Verify that the change does not classify as competitive a product over which the Postal Service exercises sufficient market power that it can, without risk of losing a significant level of business to other firms offering similar products: (1) set the price of such product substantially above costs; (2) raise prices significantly; (3) decrease quality; or (4) decrease output.*

The current bifurcation of the Postal Service's parcel products into Standard Mail Parcels for parcels weighing under one pound and Parcel Select for parcels weighing one pound and over seems to suggest that there are two different marketplaces for parcels, based on weight. In reality, outside the Postal Service, parcel shipping is a seamless marketplace. The Postal Service's competitors do not make any significant distinctions in their parcel offerings based on weight. For example, UPS's publicly available rate calculator provides the same array of shipping options for parcels

regardless of weight (but obviously with different prices based on weight).<sup>2</sup> FedEx's publicly available rate calculator does the same.<sup>3</sup> In addition, commercial services that aggregate the various shipping options available from the Postal Service and its competitors do not distinguish based on weight either (other than for pricing purposes). For example, eBay's Shipping Calculator<sup>4</sup> provides an array of shipping options from the Postal Service and UPS, without any distinction based on weight.<sup>5</sup> It is only the Postal Service, then, that adheres to a categorical distinction among parcels based on weight, resulting in a regulatory distinction that has little meaning in the marketplace. The Postal Service's experience suggests that customers generally prefer to shop for shipping services with their entire shipping needs in mind, not just their shipping needs for parcels of certain weights. Therefore, the Postal Service's current parcel products structure complicates its ability to negotiate with certain customers.

As a practical matter, the Postal Service currently has an overwhelming share of the under one pound ground parcel shipping marketplace. The table below shows the Postal Service's share of volume and revenue for under one pound ground parcels during calendar year 2008:

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<sup>2</sup> See <http://wwwapps.ups.com/ctc>. Parcels are termed "packages" by UPS.

<sup>3</sup> See <http://www.fedex.com/ratefinder/home?cc=US>.

<sup>4</sup> See <http://payments.ebay.com/ws/eBayISAPI.dll?EmitSellerShippingCalculator> (requires registration and sign-in as an eBay member).

<sup>5</sup> Because eBay's Shipping Calculator is aimed at individual shippers using retail rates, it does not include the Postal Service's Standard Mail parcel products.

	USPS	Competitors
CY 2008 Share of Volume for Ground Parcels Under One Pound	79.2%	20.8%
CY 2008 Share of Revenue for Ground Parcels Under One Pound	45%	55%

Source: Colography Group

The Postal Service's significantly larger market share of under one pound ground parcel volume likely stems from the fact that its prices are significantly lower than those of its competitors. The tables below provide an example of the price differential between the Postal Service and its competitors for under one pound ground parcels:

**Postal Service Commercial Standard Mail Parcel Rate\***

	Zone 2	3	4	5	6	7	8
1lb	\$2.27	\$2.27	\$2.27	\$2.27	\$2.27	\$2.27	\$2.27

**UPS Standard Ground Rates for Customers Shipping 100+ Parcels / Week\*\***

	Zone 2	3	4	5	6	7	8
Up to 1lb	\$3.50	\$3.67	\$3.76	\$3.95	\$4.17	\$4.22	\$4.30

**FedEx Standard Ground Rates for Customers Shipping 100+ Parcels / Week\*\***

	Zone 2	3	4	5	6	7	8
Up to 1lb	\$3.49	\$3.65	\$3.75	\$3.98	\$4.20	\$4.26	\$4.34

\* Assumes 16 ounce Standard machinable parcel with mixed NDC sort and no drop ship.

\*\* Based on rates that have been made available by UPS and FedEx to eBay sellers who ship 100+ parcels per week. UPS and FedEx's bulk ground rates vary across their customer bases, based on their negotiations with each individual customer. UPS and FedEx also generally add surcharges for residential and rural delivery.

The prices in the above tables show that the Postal Service's below cost coverage prices are significantly lower than its competitors' prices (particularly once surcharges

are taken into account), ensuring that most of the volume for under one pound ground parcels flows to the Postal Service. It is notable that while the Postal Service's prices are significantly below those of UPS and FedEx, UPS and FedEx's prices are very close to each other, showing the competitive nature of the marketplace among carriers that need to have their under one pound parcels cover their costs.<sup>6</sup> It is also notable that, while the Postal Service's competitors receive only about one-fourth of the under one pound ground parcel volume that the Postal Service receives, they still generate more revenue from under one pound ground parcels than does the Postal Service.

The following table provides the Postal Service and its competitors' share of volume and revenue for all ground parcels in calendar year 2009:

	USPS	Competitors
CY 2009 Share Of Volume For All Ground Parcels Up To 70 Pounds	20.1%	79.9%
CY 2009 Share Of Revenue For All Ground Parcels Up To 70 Pounds	26.8%	73.2%

Source: Colography Group

Compared to the table of under one pound ground parcel volume and revenue on page 5, this table provides a more realistic view of a parcel shipping marketplace where the Postal Service's products cover their costs.<sup>7</sup> If the Postal Service were to raise prices

<sup>6</sup> This statement presumes that UPS and FedEx do not consider under one pound ground parcels to be "loss leaders."

<sup>7</sup> The table is based on all ground parcels up to seventy pounds, including under one pound parcels. However, given the relatively small volume of under one pound parcels compared to one pound and over ground parcels, the effect of under one pound ground parcels on the percentages in the table is likely small. In any case, if under one pound ground parcels were removed from the analysis, the Postal Service's volume share percentage would decrease.

for commercial Standard Mail Parcels to full cost coverage levels, then the market shares of FedEx and UPS's under one pound parcel products would likely increase. Thus, returning to the first two criteria set forth in 39 C.F.R. § 3020.32(d), it is unlikely that the Postal Service can set the price of commercial Standard Mail Parcels substantially above costs or raise prices significantly without losing a significant level of business to other firms.

Similarly, as to the second two criteria set forth in 39 C.F.R. § 3020.32(d), given the increasing competition in the parcel shipping sphere, it is unlikely that the Postal Service can decrease the quality or output of commercial Standard Mail Parcels without risk of losing a significant level of business to other firms. As demonstrated by the UPS, FedEx, and eBay shipping calculators referenced above, technology now allows customers to rate-shop according to a variety of variables, including weight increment, distance, and day of delivery. eBay in particular provides a good example of how technology has evolved over time to provide customers with increasing levels of parcel shipping options. In 2004, the Postal Service introduced the Integrated Shipping Solution on eBay, allowing sellers to calculate and print postage paid USPS shipping labels from their home or business. In 2007, eBay integrated a comparable UPS service, so that eBay shippers who use the eBay platform for their shipping needs can now choose between the Postal Service and UPS. eBay plans to add a similar service from FedEx in 2011, so that shippers using the eBay platform will be able to choose from all three major carriers. The trend of increasing the number of shipping options available to customers is not limited to eBay; companies like Amazon, Wal-Mart, Target and Best Buy have also been offering shipping through multiple carriers to customers

who purchase products online for years. In this type of competitive environment, the Postal Service cannot decrease the quality of its commercial Standard Mail Parcels without losing business to its competitors.

(e) *Explain whether or not each product that is the subject of the request is covered by the postal monopoly as reserved to the Postal Service under 18 U.S.C. 1696 subject to the exceptions set forth in 39 U.S.C. 601.*

The contents of commercial Standard Mail Parcels will be outside the scope of the letter monopoly, or for any letters contained in such parcels, within the scope of the exceptions or suspensions to the Private Express Statutes. Consistent with the content eligibility requirements of the Parcel Select product, commercial Standard Mail Parcels cannot contain items required to be sent as First-Class Mail, such as bills, statements of account, mail containing personal information, and handwritten or typewritten material. See Domestic Mail Manual § 433.2.0; Mail Classification Schedule § 2115.1. Consequently, many types of items classified as “letters” under the Private Express Statutes are not eligible to be sent in commercial Standard Mail Parcels. Rather, commercial Standard Mail Parcels are expected to contain merchandise, which is not subject to the Private Express Statutes. See 39 C.F.R § 310.1 (defining a letter). To the extent commercial Standard Mail Parcels contain any types of documents, such documents would be expected to include only invoices, receipts, or incidental advertising. With respect to any invoices or receipts accompanying merchandise in a commercial Standard Mail Parcel, the exception for cargo in 39 C.F.R.§ 310.3(a) permits the inclusion of such matter because it both accompanies and relates “in all substantial respects to some part of the cargo or to the ordering, shipping or delivering

of the cargo.” Incidental, non-addressed, non-personalized advertising enclosed in a commercial Standard Mail Parcel would also be within the scope of 39 C.F.R § 320.7. This suspension permits the private carriage of advertisements "enclosed with merchandise in parcels" to be carried privately, as long as the advertisements (i) are not marked with the names or addresses of intended recipients, and (ii) are incidental to the shipment of merchandise or periodicals. The Postal Service also intends, upon the transfer of commercial Standard Mail Parcels to the competitive product list, to promulgate, as needed, mailing standards in the Domestic Mail Manual to the effect that no type of item classified as a letter in 39 C.F.R § 310.1 may be enclosed in or attached to any Lightweight Parcel Select parcel unless it fits within the scope of exceptions or suspensions to the Private Express Statutes in 39 C.F.R Parts 310 or 320. In sum, commercial Standard Mail Parcels will not contain letters other than those within the scope of the exceptions or suspensions to the Private Express Statutes.

*(f) Provide a description of the availability and nature of enterprises in the private sector engaged in the delivery of the product.*

The primary competitors to commercial Standard Mail Parcels are the ground shipping services offered by UPS and FedEx. UPS's primary business is the transportation of parcels. UPS's prices vary based on the weight of a parcel, the parcel's destination, and the desired date of delivery. UPS's main competitor service to commercial Standard Mail Parcels is its UPS Ground service. FedEx has several lines of business; its FedEx Ground service is a direct competitor to the Postal Service's parcel products. Similar to UPS, FedEx's prices vary based on weight, dimensions,

destination, and desired date of delivery. UPS and FedEx have the flexibility to price their parcel products as necessary to maximize profitability.

In addition to the marketplace characteristics described under subsection (d) above, two other facts about the marketplace are notable. First, because prices for commercial Standard Mail Parcels are below full cost coverage levels, these prices are likely having a distortionary effect on the competitive marketplace, causing parcel business that would otherwise have gone to UPS and FedEx to go instead to the Postal Service. The Postal Service has itself experienced this distortionary effect, when in the past it has attempted to structure profitable contracts with large shippers for lightweight parcels but failed because its efforts were undercut by its own Standard Mail Parcel prices. Once commercial Standard Mail Parcels are shifted to the competitive product list, any distortionary effect of the current pricing structure should be ameliorated.

Second, due to the Postal Service's low prices for commercial Standard Mail Parcels, UPS and FedEx have found it profitable to offer products that combine their own processing and transportation functions with last mile service through the Postal Service's Standard Mail Parcels. Other consolidators offer comparable products as well. In effect, then, the Postal Service is losing full network First-Class Mail package volume while getting a portion of it back as last mile delivery volume with only a fraction of the revenue it would have received otherwise.<sup>8</sup> While this arrangement has increased the Postal Service's last mile delivery volume, in seeking to transfer

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<sup>8</sup> See, e.g., Alan Robinson, "Why the Postal Service Matters: FedEx Needs It" (March 19, 2010), at <http://courierexpressandpostal.blogspot.com/2010/03/why-postal-service-matters-fedex-needs.html> (describing how "FedEx's Ground delivery service has increasingly relied on the Postal Service to deliver parcels" and breaking down the respective portions of the revenue from such parcels received by the Postal Service and retained by FedEx).

commercial Standard Mail Parcels to the competitive product list, the Postal Service is motivated to establish a structure in which it competes for both last mile and end-to-end service.

*(g) Provide any information available on the views of those who use the product on the appropriateness of the proposed modification.*

Based on its contact with customers, the Postal Service believes that customers' main concern regarding the transfer of commercial Standard Mail Parcels to the competitive product list is that the transfer will lead to a price increase. However, given the cost coverage gap noted earlier, prices for commercial Standard Mail Parcels need to increase even absent a transfer to the competitive product list.

At least one of the ten largest customers for commercial Standard Mail Parcels has informally expressed support for the transfer because the transfer would open up the possibility of the Postal Service entering into contract pricing for the product. Two other customers that are among the ten largest customers for commercial Standard Mail Parcels have expressed similar support. The Postal Service believes that the ability to offer comprehensive solutions to shipping needs will prove beneficial to other customers as well. Currently, because of the segmented structure of the Postal Service's parcel offerings, customers cannot enter into contracts for complete shipping solutions.

*(h) Provide a description of the likely impact of the proposed modification on small business concerns.*

The transfer of commercial Standard Mail Parcels to the competitive product list is unlikely to result in any disproportionate impact on small business concerns. As with larger customers, small business customers will likely be concerned with the potential

for price increases, but as noted above, prices need to increase even absent the proposed transfer. In regard to the effect of the proposed transfer on small business shipping providers, the Postal Service is not aware of any small businesses that offer products that compete with commercial Standard Mail Parcels.

*(i) Include such information and data, and such statements of reasons and bases, as are necessary and appropriate to fully inform the Commission of the nature, scope, significance, and impact of the proposed modification.*

As stated above, the Postal Service believes that there is no real legal or business rationale for the seemingly arbitrary segmentation of its parcel offerings into market dominant products for parcels weighing under one pound and competitive products for parcels weighing one pound and over. Parcels are parcels, regardless of weight, and parcel shipping is a seamless marketplace outside of the Postal Service. The current classification of commercial Standard Mail Parcels on the market dominant product list is largely an artifact of the product's history. Therefore, shifting commercial Standard Mail Parcels to the competitive product list as a Lightweight subcategory of Parcel Select would create a more logical structure for the Postal Service's parcel offerings. The transfer will also allow the Postal Service to create mutually beneficial comprehensive solutions for its customers' shipping needs.

# Attachment B

**DRAFT**  
**MAIL CLASSIFICATION**  
**SCHEDULE (MCS)**  
**LANGUAGE**

**DATE: DECEMBER 15, 2010**

**1200 Standard Mail (Commercial and Nonprofit)**

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**1230 Not Flat-Machinables (NFMs)/Parcels****1230.3 Price Categories**

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

- Not Flat-Machinables (NFMs)
  - 5-Digit  
DDU, DSCF, DNDC, and Origin 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 level  
Commercial and Nonprofit eligible.
- Machinable Parcels
  - 5-Digit  
DDU, DSCF, DNDC, and Origin entry levels  
~~Commercial and Nonprofit eligible~~
  - 3-Digit  
DSCF, DNDC, and Origin 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 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 level  
~~Commercial and Nonprofit eligible~~

- Move Update Noncompliance Charge

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## 1230.5 Prices

*Not Flat-Machinables (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	0.996	1.515	n/a	n/a	0.877	1.334
DBMC	0.565	0.598	0.952	n/a	0.497	0.526	0.838	n/a
DSCF	0.513	0.546	n/a	n/a	0.451	0.480	n/a	n/a
DDU	0.465	n/a	n/a	n/a	0.408	n/a	n/a	n/a

*Not Flat-Machinables (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	0.405	0.438	0.792	1.311	0.356	0.385	0.697	1.154

## b. Per Pound

Entry Point	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Origin	0.990	0.990	0.990	0.990	0.871	0.871	0.871	0.871
DBMC	0.775	0.775	0.775	0.775	0.682	0.682	0.682	0.682
DSCF	0.524	0.524	0.524	n/a	0.461	0.461	0.461	n/a
DDU	0.289	n/a	n/a	n/a	0.254	n/a	n/a	n/a

*Machinable 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

	<b>Commercial</b>			<b>Nonprofit</b>		
	<b>5-Digit (\$)</b>	<b>NDC (\$)</b>	<b>Mixed NDC (\$)</b>	<b>5-Digit (\$)</b>	<b>NDC (\$)</b>	<b>Mixed NDC (\$)</b>
Per Piece	0.440	0.879	1.279	0.387	0.774	1.126

## b. Per Pound

<b>Entry Point</b>	<b>Commercial</b>			<b>Nonprofit</b>		
	<b>5-Digit (\$)</b>	<b>NDC (\$)</b>	<b>Mixed NDC (\$)</b>	<b>5-Digit (\$)</b>	<b>NDC (\$)</b>	<b>Mixed NDC (\$)</b>
Origin	0.990	0.990	0.990	0.871	0.871	0.871
DBMC	0.775	0.775	n/a	0.682	0.682	n/a
DSCF	0.566	n/a	n/a	0.498	n/a	n/a
DDU	0.370	n/a	n/a	0.326	n/a	n/a

*Irregular 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	1.226	1.701	n/a	n/a	1.079	1.497
DBMC	0.723	0.782	1.182	n/a	0.636	0.688	1.040	n/a
DSCF	0.674	0.730	n/a	n/a	0.590	0.642	n/a	n/a
DDU	0.623	n/a	n/a	n/a	0.547	n/a	n/a	n/a

*Irregular 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	0.613	0.622	1.022	1.497	0.539	0.547	0.899	1.317

## b. Per Pound

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin	0.990	0.990	0.990	0.990	0.871	0.871	0.871	0.871
DBMC	0.775	0.775	0.775	0.775	0.682	0.682	0.682	0.682
DSCF	0.524	0.524	0.524	n/a	0.461	0.461	0.461	n/a
DDU	0.289	n/a	n/a	n/a	0.254	n/a	n/a	n/a

*Move Update Noncompliance Charge*

Add \$.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 Surcharge does not apply to pieces sorted to 5-digit Zip Codes.

**PART B      COMPETITIVE PRODUCTS**

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## 2100 DOMESTIC PRODUCTS

\* \* \* \* \*

## 2115 Parcel Select

## 2115.1 Description

- a. Any mailable matter may be mailed as Parcel Select mail, except matter required to be mailed by First-Class Mail or Priority Mail services; and publications required to be entered as Periodicals mail.
- b. Parcel Select mail is not sealed against postal inspection. Mailing of matter as such constitutes consent by the mailer to postal inspection of the contents, regardless of the physical closure.
- c. Undeliverable-as-addressed Parcel Select pieces will be forwarded on request of the addressee or forwarded or returned on request of the mailer, subject to the applicable Single-Piece Parcel Post price when forwarded or returned from one Post Office location to another. Pieces which combine Parcel Select matter with First-Class Mail or Standard Mail matter will be forwarded or returned if undeliverable-as-addressed, as specified in the Domestic Mail Manual.
- d. An annual mailing permit fee is required for destination entered parcels to be paid at each office of mailing or office of verification by or for mailers of Parcel Select (1505.2). Payment of the fee allows the mailer to mail at any Parcel Select price.
- e. *Attachments and Enclosures.* First-Class Mail or Standard Mail pieces may be attached to or enclosed in Parcel Select mail.

## 2115.2 Size and Weight Limitations

Parcel Select

	Length	Height	Thickness	Weight
Minimum	Large enough to accommodate postage, address, and other required elements on the address side			None
Maximum	130 inches in combined length and girth			70 pounds

Lightweight

	<u>Length</u>	<u>Height</u>	<u>Thickness</u>	<u>Weight</u>
<u>Minimum</u>	<u>Large enough to accommodate postage, address, and other required elements on the address side</u>			<u>None</u>
<u>Maximum</u>	<u>108 inches in combined length and girth</u>			<u>&lt; 16 ounces</u>

## 2115.3 Minimum Volume Requirements

	<b>Minimum Volume Requirements</b>
Barcoded Nonpresort with PC Postage	None
Barcoded Nonpresort – All Other Postage Payment Methods	50 pieces per mailing
<u>Lightweight</u>	<u>200 pieces</u> <u>or</u> <u>50 pounds per mailing</u>
All Other Parcel Select	50 pieces per mailing

2115.4

## Price Categories

- Destination Entered
  - DDU – Entered at a designated destination delivery unit, or other equivalent facility.
    - Balloon Rate
    - Oversized
  - DSCF – Entered at a designated destination processing and distribution center or facility, or other equivalent facility.
    - Machinable
      - ◇ 5-Digit
    - Nonmachinable
      - ◇ 5-Digit
      - ◇ 3-Digit
    - Balloon Rate
    - Oversized
  - DNDC – Entered at a designated destination bulk mail center, auxiliary service facility, or other equivalent facility.
    - Machinable
    - Nonmachinable
    - Balloon Rate
    - Oversized
- Non-Destination Entered
  - ONDC Presort – Entered at the origin bulk mail center.
    - Machinable Barcoded
    - Machinable Nonbarcoded and Nonmachinable
    - Balloon Rate
    - Oversized
  - NDC Presort – Entered at a designated facility.
    - Machinable Barcoded
    - Machinable Nonbarcoded and Nonmachinable
    - Balloon Rate
    - Oversized
  - Barcoded Nonpresort
    - Machinable
    - Balloon Rate
- Machinable Lightweight
  - 5-Digit  
DDU, DSCF, and DNDC entry levels  
Commercial eligible
  - NDC  
DNDC and Origin entry levels  
Commercial eligible
  - Mixed NDC  
Origin entry level  
Commercial eligible

- Irregular Lightweight (Do not meet the machinability requirements for machinable parcels.)
  - 5-Digit  
DDU, DSCF, and DNDC entry levels  
Commercial eligible
  - SCF  
DSCF and DNDC entry levels  
Commercial eligible
  - NDC  
DNDC and Origin entry levels  
Commercial eligible
  - Mixed NDC  
Origin entry level  
Commercial eligible

#### 2115.5 Optional Features

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

- Pickup On Demand
- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Certificate of Mailing (1505.6)
  - Collect On Delivery (1505.7)
  - Delivery Confirmation (1505.8)
  - Insurance (1505.9)
  - Return Receipt (1505.13)
  - Return Receipt for Merchandise (1505.14)
  - Restricted Delivery (1505.15)
  - Signature Confirmation (1505.17)
  - Special Handling (1505.18)

2115.6

Prices

*Destination Entered*

a. DDU and DSCF Entered

<b>Weight Not Over (pounds)</b>	<b>DDU (\$)</b>	<b>DSCF 5-Digit (\$)</b>	<b>DSCF 3-Digit Nonmachinable (\$)</b>
1	1.85	2.31	3.31
2	1.85	2.56	3.56
3	1.88	2.81	3.81
4	1.92	3.03	4.03
5	1.97	3.22	4.22
6	2.01	3.42	4.42
7	2.05	3.62	4.62
8	2.09	3.81	4.81
9	2.13	3.98	4.98
10	2.17	4.13	5.13
11	2.20	4.29	5.29
12	2.24	4.43	5.43
13	2.29	4.60	5.60
14	2.33	4.72	5.72
15	2.38	4.89	5.89
16	2.42	5.06	6.06
17	2.47	5.21	6.21
18	2.51	5.35	6.35
19	2.56	5.50	6.50
20	2.60	5.62	6.62
21	2.65	5.77	6.77
22	2.69	5.93	6.93
23	2.74	6.10	7.10
24	2.78	6.25	7.25
25	2.83	6.35	7.35
26	2.87	6.48	7.48
27	2.92	6.68	7.68
28	2.96	6.80	7.80
29	3.01	6.93	7.93
30	3.05	7.05	8.05
31	3.10	7.23	8.23
32	3.14	7.36	8.36
33	3.19	7.49	8.49
34	3.23	7.67	8.67
35	3.28	7.76	8.76

## a. DDU and DSCF Entered (Continued)

<b>Weight Not Over (pounds)</b>	<b>DDU (\$)</b>	<b>DSCF 5-Digit (\$)</b>	<b>DSCF 3-Digit Nonmachinable (\$)</b>
36	3.32	7.91	8.91
37	3.37	8.06	9.06
38	3.41	8.19	9.19
39	3.46	8.35	9.35
40	3.50	8.45	9.45
41	3.55	8.58	9.58
42	3.59	8.71	9.71
43	3.64	8.83	9.83
44	3.68	8.98	9.98
45	3.73	9.10	10.10
46	3.77	9.26	10.26
47	3.82	9.38	10.38
48	3.86	9.50	10.50
49	3.91	9.64	10.64
50	3.95	9.73	10.73
51	4.00	9.90	10.90
52	4.04	10.00	11.00
53	4.09	10.12	11.12
54	4.13	10.27	11.27
55	4.18	10.46	11.46
56	4.22	10.57	11.57
57	4.27	10.73	11.73
58	4.31	10.89	11.89
59	4.36	11.06	12.06
60	4.40	11.19	12.19
61	4.45	11.27	12.27
62	4.49	11.43	12.43
63	4.54	11.58	12.58
64	4.58	11.76	12.76
65	4.63	11.88	12.88
66	4.67	12.01	13.01
67	4.72	12.16	13.16
68	4.76	12.29	13.29
69	4.81	12.45	13.45
70	4.85	12.60	13.60
Oversized	7.62	17.17	17.17

## b. DNDC Entered – Machinable

<b>Weight Not Over (pounds)</b>	<b>Zones 1 &amp; 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Zone 5</b>
1	3.29	4.22	5.07	5.93
2	3.29	4.22	5.07	5.93
3	3.67	5.03	6.23	6.94
4	4.01	5.76	7.17	7.81
5	4.31	6.43	7.83	8.62
6	4.64	7.08	8.42	9.38
7	4.94	7.71	8.99	10.13
8	5.22	8.27	9.45	10.77
9	5.48	8.79	9.93	11.34
10	5.75	9.34	11.04	11.93
11	5.99	9.87	11.39	12.34
12	6.24	10.34	11.61	12.60
13	6.48	10.78	11.87	12.90
14	6.71	11.13	12.09	13.10
15	6.92	11.48	12.31	13.32
16	7.25	11.87	12.68	13.75
17	7.47	12.06	12.91	13.93
18	7.68	12.28	13.12	14.16
19	7.91	12.52	13.34	14.38
20	8.08	12.71	13.47	14.51
21	8.40	13.08	13.85	14.90
22	8.63	13.32	14.11	15.12
23	8.87	13.60	14.36	15.36
24	9.10	13.83	14.61	15.56
25	9.27	14.01	14.79	15.72
26	9.48	14.28	15.09	15.92
27	9.74	14.58	15.36	16.16
28	9.91	14.80	15.57	16.35
29	10.12	15.01	15.79	16.59
30	10.31	15.26	16.03	16.84
31	10.67	15.69	16.50	17.35
32	10.87	15.94	16.76	17.58
33	11.08	16.17	16.98	17.84
34	11.33	16.39	17.28	18.15
35	11.45	16.56	17.48	18.33

## c. DNDC Entered – Nonmachinable

<b>Weight Not Over (pounds)</b>	<b>Zones 1 &amp; 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Zone 5</b>
1	5.65	6.58	7.43	8.29
2	5.65	6.58	7.43	8.29
3	6.03	7.39	8.59	9.30
4	6.37	8.12	9.53	10.17
5	6.67	8.79	10.19	10.98
6	7.00	9.44	10.78	11.74
7	7.30	10.07	11.35	12.49
8	7.58	10.63	11.81	13.13
9	7.84	11.15	12.29	13.70
10	8.11	11.70	13.40	14.29
11	8.35	12.23	13.75	14.70
12	8.60	12.70	13.97	14.96
13	8.84	13.14	14.23	15.26
14	9.07	13.49	14.45	15.46
15	9.28	13.84	14.67	15.68
16	9.61	14.23	15.04	16.11
17	9.83	14.42	15.27	16.29
18	10.04	14.64	15.48	16.52
19	10.27	14.88	15.70	16.74
20	10.44	15.07	15.83	16.87
21	10.76	15.44	16.21	17.26
22	10.99	15.68	16.47	17.48
23	11.23	15.96	16.72	17.72
24	11.46	16.19	16.97	17.92
25	11.63	16.37	17.15	18.08
26	11.84	16.64	17.45	18.28
27	12.10	16.94	17.72	18.52
28	12.27	17.16	17.93	18.71
29	12.48	17.37	18.15	18.95
30	12.67	17.62	18.39	19.20
31	13.03	18.05	18.86	19.71
32	13.23	18.30	19.12	19.94
33	13.44	18.53	19.34	20.20
34	13.69	18.75	19.64	20.51
35	13.81	18.92	19.84	20.69

## c. DNDC Entered – Nonmachinable (Continued)

<b>Weight Not Over (pounds)</b>	<b>Zones 1 &amp; 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Zone 5</b>
36	14.06	19.14	20.11	20.98
37	14.31	19.37	20.39	21.27
38	14.52	19.60	20.65	21.56
39	14.74	19.84	20.91	21.83
40	14.92	20.03	21.19	22.11
41	15.13	20.31	21.38	22.37
42	15.31	20.47	21.55	22.59
43	15.51	20.67	21.71	22.86
44	15.74	20.94	21.94	23.16
45	15.94	21.13	22.31	23.40
46	16.29	21.59	22.72	24.05
47	16.48	21.79	22.89	24.66
48	16.69	22.06	23.10	25.34
49	16.91	22.32	23.32	26.01
50	17.07	22.45	23.40	26.58
51	17.32	22.67	23.63	27.29
52	17.52	22.98	23.83	28.05
53	17.73	23.19	24.00	28.81
54	17.98	23.39	24.21	29.58
55	18.21	23.59	24.43	30.00
56	18.43	23.78	24.65	30.26
57	18.67	23.92	24.80	30.60
58	18.94	24.18	25.03	30.95
59	19.18	24.35	25.24	31.25
60	19.42	24.49	25.39	31.55
61	19.55	24.65	25.54	31.76
62	19.82	24.86	25.82	32.10
63	20.05	25.02	26.07	32.37
64	20.32	25.22	26.36	32.73
65	20.56	25.40	26.60	32.99
66	20.75	25.61	26.90	33.36
67	20.97	25.75	27.16	33.61
68	21.22	25.96	27.40	33.96
69	21.44	26.11	27.65	34.22
70	21.70	26.33	27.96	34.56
Oversized	26.99	38.10	51.61	53.64

d. Balloon Rate

Pieces exceeding 84 inches in length and girth combined (but not more than 108 inches) and weighing less than 20 pounds are subject to the otherwise applicable price for a 20-pound parcel.

e. Oversized Price

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.

## Non-Destination Entered

## a. ONDC Presort Machinable Barcoded

Weight Not Over (Pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zone 8 (\$)
1	3.92	3.97	4.07	4.12	4.17	4.23	4.31
2	4.02	4.37	5.02	6.29	6.84	7.34	8.17
3	4.74	5.59	6.58	7.38	8.09	8.58	9.58
4	5.45	6.46	7.47	8.54	9.52	10.25	11.27
5	6.24	7.56	8.47	9.38	10.29	11.20	12.10
6	6.85	8.15	9.00	9.85	10.70	11.55	12.93
7	7.39	8.85	9.48	10.65	11.37	11.87	13.76
8	8.01	9.36	10.21	11.05	11.90	12.74	14.59
9	8.57	9.97	10.84	11.71	12.57	13.44	15.42
10	9.17	10.64	11.57	12.50	13.43	14.35	16.25
11	9.62	11.22	12.24	13.26	14.29	15.31	17.08
12	10.15	11.80	12.87	13.94	15.01	16.07	17.99
13	10.32	12.11	13.29	14.47	15.70	16.83	18.89
14	10.49	12.41	13.71	15.01	16.39	17.58	19.79
15	10.66	12.72	14.13	15.54	17.05	18.35	20.70
16	10.84	13.02	14.55	16.08	17.67	19.09	21.61
17	11.36	13.33	14.97	16.61	18.30	19.85	22.51
18	11.88	13.64	15.39	17.14	18.90	20.62	23.42
19	12.07	13.94	15.81	17.68	19.52	21.37	24.31
20	12.26	14.25	16.23	18.21	20.13	22.12	25.23
21	12.46	14.55	16.65	18.75	20.79	22.90	26.15
22	12.65	14.86	17.07	19.28	21.45	23.67	27.08
23	12.84	15.16	17.49	19.82	22.12	24.45	28.00
24	13.03	15.47	17.91	20.35	22.78	25.22	28.93
25	13.22	15.78	18.33	20.89	23.44	26.00	29.85
26	13.43	16.10	18.77	21.44	24.10	26.77	30.78
27	13.64	16.43	19.21	21.99	24.77	27.55	31.70
28	13.86	16.75	19.64	22.54	25.43	28.32	32.62
29	14.07	17.07	20.08	23.09	26.09	29.10	33.55
30	14.28	17.40	20.52	23.64	26.75	29.87	34.47
31	14.54	17.72	20.95	24.19	27.42	30.65	35.40
32	14.85	18.05	21.39	24.74	28.08	31.42	36.32
33	15.17	18.37	21.83	25.28	28.74	32.20	37.25
34	15.48	18.70	22.27	25.83	29.40	32.97	38.17
35	15.79	19.02	22.70	26.38	30.06	33.75	39.10

## b. ONDC Presort Machinable Nonbarcoded and Nonmachinable

Weight Not Over (Pounds)	Zones						
	1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zone 8 (\$)
1	3.95	4.00	4.10	4.15	4.20	4.26	4.34
2	4.05	4.40	5.05	6.32	6.87	7.37	8.20
3	4.77	5.62	6.61	7.41	8.12	8.61	9.61
4	5.48	6.49	7.50	8.57	9.55	10.28	11.30
5	6.27	7.59	8.50	9.41	10.32	11.23	12.13
6	6.88	8.18	9.03	9.88	10.73	11.58	12.96
7	7.42	8.88	9.51	10.68	11.40	11.90	13.79
8	8.04	9.39	10.24	11.08	11.93	12.77	14.62
9	8.60	10.00	10.87	11.74	12.60	13.47	15.45
10	9.20	10.67	11.60	12.53	13.46	14.38	16.28
11	9.65	11.25	12.27	13.29	14.32	15.34	17.11
12	10.18	11.83	12.90	13.97	15.04	16.10	18.02
13	10.35	12.14	13.32	14.50	15.73	16.86	18.92
14	10.52	12.44	13.74	15.04	16.42	17.61	19.82
15	10.69	12.75	14.16	15.57	17.08	18.38	20.73
16	10.87	13.05	14.58	16.11	17.70	19.12	21.64
17	11.39	13.36	15.00	16.64	18.33	19.88	22.54
18	11.91	13.67	15.42	17.17	18.93	20.65	23.45
19	12.10	13.97	15.84	17.71	19.55	21.40	24.34
20	12.29	14.28	16.26	18.24	20.16	22.15	25.26
21	12.49	14.58	16.68	18.78	20.82	22.93	26.18
22	12.68	14.89	17.10	19.31	21.48	23.70	27.11
23	12.87	15.19	17.52	19.85	22.15	24.48	28.03
24	13.06	15.50	17.94	20.38	22.81	25.25	28.96
25	13.25	15.81	18.36	20.92	23.47	26.03	29.88
26	13.46	16.13	18.80	21.47	24.13	26.80	30.81
27	13.67	16.46	19.24	22.02	24.80	27.58	31.73
28	13.89	16.78	19.67	22.57	25.46	28.35	32.65
29	14.10	17.10	20.11	23.12	26.12	29.13	33.58
30	14.31	17.43	20.55	23.67	26.78	29.90	34.50
31	14.57	17.75	20.98	24.22	27.45	30.68	35.43
32	14.88	18.08	21.42	24.77	28.11	31.45	36.35
33	15.20	18.40	21.86	25.31	28.77	32.23	37.28
34	15.51	18.73	22.30	25.86	29.43	33.00	38.20
35	15.82	19.05	22.73	26.41	30.09	33.78	39.13

b. ONDC Presort Machinable Nonbarcoded and Nonmachinable  
(Continued)

<b>Weight Not Over (Pounds)</b>	<b>Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zone 8 (\$)</b>
36	15.98	19.38	23.17	26.96	30.76	34.55	40.05
37	16.14	19.70	23.61	27.51	31.42	35.32	40.98
38	16.30	20.03	24.05	28.06	32.08	36.10	41.90
39	16.45	20.35	24.48	28.61	32.74	36.87	42.83
40	16.61	20.68	24.92	29.16	33.41	37.65	43.75
41	16.76	21.00	25.36	29.71	34.07	38.42	44.68
42	16.92	21.33	25.80	30.26	34.73	39.20	45.60
43	17.08	21.65	26.23	30.81	35.39	39.97	46.53
44	17.29	21.98	26.67	31.36	36.06	40.75	47.45
45	17.50	22.30	27.11	31.91	36.72	41.52	48.38
46	17.71	22.63	27.55	32.46	37.38	42.30	49.30
47	17.92	22.95	27.98	33.01	38.04	43.07	50.23
48	18.13	23.28	28.42	33.56	38.71	43.85	51.15
49	18.35	23.60	28.86	34.11	39.37	44.62	52.08
50	18.56	23.93	29.29	34.66	40.03	45.40	53.00
51	18.77	24.11	29.54	35.01	40.61	46.17	53.93
52	18.98	24.29	29.78	35.36	41.18	46.95	54.85
53	19.20	24.47	30.03	35.71	41.75	47.72	55.78
54	19.41	24.65	30.27	36.05	42.33	48.50	56.70
55	19.62	24.83	30.52	36.40	42.90	49.27	57.63
56	19.83	25.01	30.76	36.75	43.48	50.05	58.55
57	20.05	25.19	31.01	37.10	44.05	50.82	59.48
58	20.26	25.38	31.25	37.44	44.63	51.60	60.40
59	20.47	25.56	31.49	37.79	45.20	52.37	61.33
60	20.68	25.74	31.74	38.14	45.78	53.15	62.25
61	20.90	25.92	31.98	38.49	46.35	53.92	63.18
62	21.11	26.10	32.23	38.83	46.93	54.70	64.10
63	21.32	26.28	32.47	39.18	47.50	55.47	65.03
64	21.53	26.46	32.72	39.53	48.08	56.25	65.95
65	21.75	26.64	32.96	39.88	48.65	57.02	66.88
66	21.96	26.82	33.20	40.23	49.23	57.80	67.80
67	22.17	27.00	33.45	40.57	49.80	58.57	68.72
68	22.38	27.19	33.69	40.92	50.38	59.34	69.65
69	22.59	27.37	33.94	41.27	50.95	60.12	70.57
70	22.81	27.55	34.18	41.62	51.53	60.89	71.50
<b>Oversized</b>	64.98	73.07	74.68	76.92	97.33	105.42	113.51

## c. NDC Presort Machinable Barcoded

Weight Not Over (Pounds)	Zones						
	1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zone 8 (\$)
1	4.84	4.89	4.99	5.04	5.09	5.15	5.23
2	4.94	5.29	5.94	7.21	7.76	8.26	9.09
3	5.66	6.51	7.50	8.30	9.01	9.50	10.50
4	6.37	7.38	8.39	9.46	10.44	11.17	12.19
5	7.16	8.48	9.39	10.30	11.21	12.12	13.02
6	7.77	9.07	9.92	10.77	11.62	12.47	13.85
7	8.31	9.77	10.40	11.57	12.29	12.79	14.68
8	8.93	10.28	11.13	11.97	12.82	13.66	15.51
9	9.49	10.89	11.76	12.63	13.49	14.36	16.34
10	10.09	11.56	12.49	13.42	14.35	15.27	17.17
11	10.54	12.14	13.16	14.18	15.21	16.23	18.00
12	11.07	12.72	13.79	14.86	15.93	16.99	18.91
13	11.24	13.03	14.21	15.39	16.62	17.75	19.81
14	11.41	13.33	14.63	15.93	17.31	18.50	20.71
15	11.58	13.64	15.05	16.46	17.97	19.27	21.62
16	11.76	13.94	15.47	17.00	18.59	20.01	22.53
17	12.28	14.25	15.89	17.53	19.22	20.77	23.43
18	12.80	14.56	16.31	18.06	19.82	21.54	24.34
19	12.99	14.86	16.73	18.60	20.44	22.29	25.23
20	13.18	15.17	17.15	19.13	21.05	23.04	26.15
21	13.38	15.47	17.57	19.67	21.71	23.82	27.07
22	13.57	15.78	17.99	20.20	22.37	24.59	28.00
23	13.76	16.08	18.41	20.74	23.04	25.37	28.92
24	13.95	16.39	18.83	21.27	23.70	26.14	29.85
25	14.14	16.70	19.25	21.81	24.36	26.92	30.77
26	14.35	17.02	19.69	22.36	25.02	27.69	31.70
27	14.56	17.35	20.13	22.91	25.69	28.47	32.62
28	14.78	17.67	20.56	23.46	26.35	29.24	33.54
29	14.99	17.99	21.00	24.01	27.01	30.02	34.47
30	15.20	18.32	21.44	24.56	27.67	30.79	35.39
31	15.46	18.64	21.87	25.11	28.34	31.57	36.32
32	15.77	18.97	22.31	25.66	29.00	32.34	37.24
33	16.09	19.29	22.75	26.20	29.66	33.12	38.17
34	16.40	19.62	23.19	26.75	30.32	33.89	39.09
35	16.71	19.94	23.62	27.30	30.98	34.67	40.02

## d. NDC Presort Machinable Nonbarcoded and Nonmachinable

Weight Not Over (Pounds)	Zones						
	1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zone 8 (\$)
1	4.87	4.92	5.02	5.07	5.12	5.18	5.26
2	4.97	5.32	5.97	7.24	7.79	8.29	9.12
3	5.69	6.54	7.53	8.33	9.04	9.53	10.53
4	6.40	7.41	8.42	9.49	10.47	11.20	12.22
5	7.19	8.51	9.42	10.33	11.24	12.15	13.05
6	7.80	9.10	9.95	10.80	11.65	12.50	13.88
7	8.34	9.80	10.43	11.60	12.32	12.82	14.71
8	8.96	10.31	11.16	12.00	12.85	13.69	15.54
9	9.52	10.92	11.79	12.66	13.52	14.39	16.37
10	10.12	11.59	12.52	13.45	14.38	15.30	17.20
11	10.57	12.17	13.19	14.21	15.24	16.26	18.03
12	11.10	12.75	13.82	14.89	15.96	17.02	18.94
13	11.27	13.06	14.24	15.42	16.65	17.78	19.84
14	11.44	13.36	14.66	15.96	17.34	18.53	20.74
15	11.61	13.67	15.08	16.49	18.00	19.30	21.65
16	11.79	13.97	15.50	17.03	18.62	20.04	22.56
17	12.31	14.28	15.92	17.56	19.25	20.80	23.46
18	12.83	14.59	16.34	18.09	19.85	21.57	24.37
19	13.02	14.89	16.76	18.63	20.47	22.32	25.26
20	13.21	15.20	17.18	19.16	21.08	23.07	26.18
21	13.41	15.50	17.60	19.70	21.74	23.85	27.10
22	13.60	15.81	18.02	20.23	22.40	24.62	28.03
23	13.79	16.11	18.44	20.77	23.07	25.40	28.95
24	13.98	16.42	18.86	21.30	23.73	26.17	29.88
25	14.17	16.73	19.28	21.84	24.39	26.95	30.80
26	14.38	17.05	19.72	22.39	25.05	27.72	31.73
27	14.59	17.38	20.16	22.94	25.72	28.50	32.65
28	14.81	17.70	20.59	23.49	26.38	29.27	33.57
29	15.02	18.02	21.03	24.04	27.04	30.05	34.50
30	15.23	18.35	21.47	24.59	27.70	30.82	35.42
31	15.49	18.67	21.90	25.14	28.37	31.60	36.35
32	15.80	19.00	22.34	25.69	29.03	32.37	37.27
33	16.12	19.32	22.78	26.23	29.69	33.15	38.20
34	16.43	19.65	23.22	26.78	30.35	33.92	39.12
35	16.74	19.97	23.65	27.33	31.01	34.70	40.05

d. NDC Presort Machinable Nonbarcoded and Nonmachinable  
(Continued)

<b>Weight Not Over (Pounds)</b>	<b>Zones 1 &amp; 2 (\$)</b>	<b>Zone 3 (\$)</b>	<b>Zone 4 (\$)</b>	<b>Zone 5 (\$)</b>	<b>Zone 6 (\$)</b>	<b>Zone 7 (\$)</b>	<b>Zone 8 (\$)</b>
36	16.90	20.30	24.09	27.88	31.68	35.47	40.97
37	17.06	20.62	24.53	28.43	32.34	36.24	41.90
38	17.22	20.95	24.97	28.98	33.00	37.02	42.82
39	17.37	21.27	25.40	29.53	33.66	37.79	43.75
40	17.53	21.60	25.84	30.08	34.33	38.57	44.67
41	17.68	21.92	26.28	30.63	34.99	39.34	45.60
42	17.84	22.25	26.72	31.18	35.65	40.12	46.52
43	18.00	22.57	27.15	31.73	36.31	40.89	47.45
44	18.21	22.90	27.59	32.28	36.98	41.67	48.37
45	18.42	23.22	28.03	32.83	37.64	42.44	49.30
46	18.63	23.55	28.47	33.38	38.30	43.22	50.22
47	18.84	23.87	28.90	33.93	38.96	43.99	51.15
48	19.05	24.20	29.34	34.48	39.63	44.77	52.07
49	19.27	24.52	29.78	35.03	40.29	45.54	53.00
50	19.48	24.85	30.21	35.58	40.95	46.32	53.92
51	19.69	25.03	30.46	35.93	41.53	47.09	54.85
52	19.90	25.21	30.70	36.28	42.10	47.87	55.77
53	20.12	25.39	30.95	36.63	42.67	48.64	56.70
54	20.33	25.57	31.19	36.97	43.25	49.42	57.62
55	20.54	25.75	31.44	37.32	43.82	50.19	58.55
56	20.75	25.93	31.68	37.67	44.40	50.97	59.47
57	20.97	26.11	31.93	38.02	44.97	51.74	60.40
58	21.18	26.30	32.17	38.36	45.55	52.52	61.32
59	21.39	26.48	32.41	38.71	46.12	53.29	62.25
60	21.60	26.66	32.66	39.06	46.70	54.07	63.17
61	21.82	26.84	32.90	39.41	47.27	54.84	64.10
62	22.03	27.02	33.15	39.75	47.85	55.62	65.02
63	22.24	27.20	33.39	40.10	48.42	56.39	65.95
64	22.45	27.38	33.64	40.45	49.00	57.17	66.87
65	22.67	27.56	33.88	40.80	49.57	57.94	67.80
66	22.88	27.74	34.12	41.15	50.15	58.72	68.72
67	23.09	27.92	34.37	41.49	50.72	59.49	69.64
68	23.30	28.11	34.61	41.84	51.30	60.26	70.57
69	23.51	28.29	34.86	42.19	51.87	61.04	71.49
70	23.73	28.47	35.10	42.54	52.45	61.81	72.42
<b>Oversized</b>	65.90	73.99	75.60	77.84	98.25	106.34	114.43

## e. Barcoded Nonpresort

Weight Not Over (Pounds)	Zones						
	1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zone 8 (\$)
1	5.07	5.12	5.22	5.27	5.32	5.38	5.46
2	5.17	5.52	6.17	7.44	7.99	8.49	9.32
3	5.89	6.74	7.73	8.53	9.24	9.73	10.73
4	6.60	7.61	8.62	9.69	10.67	11.40	12.42
5	7.39	8.71	9.62	10.53	11.44	12.35	13.25
6	8.00	9.30	10.15	11.00	11.85	12.70	14.08
7	8.54	10.00	10.63	11.80	12.52	13.02	14.91
8	9.16	10.51	11.36	12.20	13.05	13.89	15.74
9	9.72	11.12	11.99	12.86	13.72	14.59	16.57
10	10.32	11.79	12.72	13.65	14.58	15.50	17.40
11	10.77	12.37	13.39	14.41	15.44	16.46	18.23
12	11.30	12.95	14.02	15.09	16.16	17.22	19.14
13	11.47	13.26	14.44	15.62	16.85	17.98	20.04
14	11.64	13.56	14.86	16.16	17.54	18.73	20.94
15	11.81	13.87	15.28	16.69	18.20	19.50	21.85
16	11.99	14.17	15.70	17.23	18.82	20.24	22.76
17	12.51	14.48	16.12	17.76	19.45	21.00	23.66
18	13.03	14.79	16.54	18.29	20.05	21.77	24.57
19	13.22	15.09	16.96	18.83	20.67	22.52	25.46
20	13.41	15.40	17.38	19.36	21.28	23.27	26.38
21	13.61	15.70	17.80	19.90	21.94	24.05	27.30
22	13.80	16.01	18.22	20.43	22.60	24.82	28.23
23	13.99	16.31	18.64	20.97	23.27	25.60	29.15
24	14.18	16.62	19.06	21.50	23.93	26.37	30.08
25	14.37	16.93	19.48	22.04	24.59	27.15	31.00
26	14.58	17.25	19.92	22.59	25.25	27.92	31.93
27	14.79	17.58	20.36	23.14	25.92	28.70	32.85
28	15.01	17.90	20.79	23.69	26.58	29.47	33.77
29	15.22	18.22	21.23	24.24	27.24	30.25	34.70
30	15.43	18.55	21.67	24.79	27.90	31.02	35.62
31	15.69	18.87	22.10	25.34	28.57	31.80	36.55
32	16.00	19.20	22.54	25.89	29.23	32.57	37.47
33	16.32	19.52	22.98	26.43	29.89	33.35	38.40
34	16.63	19.85	23.42	26.98	30.55	34.12	39.32
35	16.94	20.17	23.85	27.53	31.21	34.90	40.25

## f. Balloon Rate

Pieces exceeding 84 inches in length and girth combined (but not more than 108 inches) 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.

## g. Oversized Price

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.

Machinable Lightweight Parcels (greater than 3.5 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

	<u>Commercial</u>		
	<u>5-Digit</u> <u>(\$)</u>	<u>NDC</u> <u>(\$)</u>	<u>Mixed</u> <u>NDC</u> <u>(\$)</u>
<u>Per</u> <u>Piece</u>	<u>0.440</u>	<u>0.879</u>	<u>1.279</u>

b. Per Pound

<u>Entry</u> <u>Point</u>	<u>Commercial</u>		
	<u>5-Digit</u> <u>(\$)</u>	<u>NDC</u> <u>(\$)</u>	<u>Mixed</u> <u>NDC</u> <u>(\$)</u>
<u>Origin</u>	<u>n/a</u>	<u>0.990</u>	<u>0.990</u>
<u>DNDC</u>	<u>0.775</u>	<u>0.775</u>	<u>n/a</u>
<u>DSCF</u>	<u>0.566</u>	<u>n/a</u>	<u>n/a</u>
<u>DDU</u>	<u>0.370</u>	<u>n/a</u>	<u>n/a</u>

Irregular Lightweight Parcels (3.3 ounces or less)

<u>Entry</u> <u>Point</u>	<u>Commercial</u>			
	<u>5-Digit</u> <u>(\$)</u>	<u>SCF</u> <u>(\$)</u>	<u>NDC</u> <u>(\$)</u>	<u>Mixed</u> <u>NDC</u> <u>(\$)</u>
<u>Origin</u>	<u>n/a</u>	<u>n/a</u>	<u>1.226</u>	<u>1.701</u>
<u>DNDC</u>	<u>0.723</u>	<u>0.782</u>	<u>1.182</u>	<u>n/a</u>
<u>DSCF</u>	<u>0.671</u>	<u>0.730</u>	<u>n/a</u>	<u>n/a</u>
<u>DDU</u>	<u>0.623</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

Irregular Lightweight 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

	<b>Commercial</b>			
	<b><u>5-Digit</u></b> <b><u>(\$)</u></b>	<b><u>SCF</u></b> <b><u>(\$)</u></b>	<b><u>NDC</u></b> <b><u>(\$)</u></b>	<b><u>Mixed</u></b> <b><u>NDC</u></b> <b><u>(\$)</u></b>
<u>Per Piece</u>	<u>0.563</u>	<u>0.622</u>	<u>1.022</u>	<u>1.497</u>

b. Per Pound

<b><u>Entry Point</u></b>	<b>Commercial</b>			
	<b><u>5-Digit</u></b> <b><u>(\$)</u></b>	<b><u>SCF</u></b> <b><u>(\$)</u></b>	<b><u>NDC</u></b> <b><u>(\$)</u></b>	<b><u>Mixed</u></b> <b><u>NDC</u></b> <b><u>(\$)</u></b>
<u>Origin</u>	<u>n/a</u>	<u>n/a</u>	<u>0.990</u>	<u>0.990</u>
<u>DNDC</u>	<u>0.775</u>	<u>0.775</u>	<u>0.775</u>	<u>n/a</u>
<u>DSCF</u>	<u>0.524</u>	<u>0.524</u>	<u>n/a</u>	<u>n/a</u>
<u>DDU</u>	<u>0.289</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>