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

ANNUAL COMPLIANCE REVIEW, 2013

Docket No. ACR2013

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-11 OF CHAIRMAN'S INFORMATION REQUEST NO. 2

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 2, issued on January 13, 2014. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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1. As required by the FY 2010 Annual Compliance Determination (at 107), please provide the following information regarding the Standard Mail Flats product.

a. Describe all operational changes designed to reduce flat costs in FY 2013 and estimate the financial effects of such changes.

b. Describe all costing methodology or measurement improvements made in FY 2013 and estimate the financial effects of such changes.

c. Provide a statement summarizing the historical and current fiscal year subsidy of the Standard Mail Flats product, and the estimated timeline for phasing out this subsidy.

RESPONSE:

a. Below the Postal Service describes the new and ongoing steps it took during FY 2013 to make its processing of Flats more efficient. No analysis has been performed to isolate the cost savings resulting from these initiatives, assuming that such analyses are even possible with available data.

- **FSS Scorecard**

The Postal Service continues using an "FSS scorecard," which measures critical aspects of FSS performance at each processing location. The scorecard is utilized to develop a list of specific sites with the greatest opportunity for improvement. Managers at those sites are required to attend biweekly teleconferences to discuss their action plans for improving performance. The below reflects performance improvements realized in part, due to the focus on the FSS Scorecard activities.

Performance Metric	FY 12	FY 13
Throughput per hour (pph)	8,860	8,985
DPS %	56.40%	57.90%
Mail Pieces AT-Risk %	6.01%	5.84%

Sources:

Throughput per hour:	WebEOR
DPS%:	EDW
AT-Risk %	MIRS

- **Move Mail Up the Ladder**

In FY 2013 the Postal Service continued its efforts to move flat mail up the ladder to automation. As part of its network rationalization effort, the USPS consolidated 143 processing plants which had the benefit of reducing the number of facilities with manual flats processing operations. Closing manual facilities increases the likelihood that mail will move up the ladder to automated processing. Indeed, the number of postal facilities with only manual flats processing declined from 23 to 15 during FY 2013 (some of these facilities were processing plants while others were large Post Offices that performed sortation for other facilities). The result is an increase in the proportion of flats being processed in facilities with automated equipment.

While the percentage of manually processed flats increased from 8.5% to 9.4% in FY 2013, the Postal Service attributes this increase to initial plant consolidation activities, most of which occurred during the fourth quarter of FY 2013. We expect to see the percentage of manually processed flats decline as we realize the benefit of these consolidations in FY 2014. Additionally, during FY 2013 AFSM100 processing decreased from 71.5% to 70.9% and

FSS processing increased from 18.0% to 18.3%. The AFSM 100 and FSS processing ratios are expected to improve as a result decreased manual distribution in FY 2014.

- **Bundle Operation**

The Postal Service completed the conversion of the remaining SPBS units to APBS units in FY2013. These conversions reduced operating costs and improved operational efficiency by replacing aging equipment with newer technology that includes more advanced Optical Character Reader capabilities. These enhancements resulted in improved throughput per hour performance. The below table reflects the actual throughput per hour gains made in FY 2013:

Bundle Distribution Machine Type	FY 12	FY 13	Improvement
APPS	4953	5223	5.2%
APBS	3,566	3,825	6.8%

Source: WebEOR

- **Service Performance Diagnostics Tool**

The Postal Service uses a software tool termed Service Performance Diagnostics (SPD), which measures full-service mailing cycle times from arrival to the first automated operation. SPD also provides an early warning alert for mailings that have been accepted into a plant but have not yet been worked on automation equipment. The visibility of our product cycle performance helped reduce the median cycle time for Standard Mail SCF Flats from 52.4 hours in FY 2012 to 50.5 hours in FY 2013.

Median 5 Day MP WIP Standard Mail Flats

Time Period from SPD	SCF Weighted Median
(FY 12) Week ending 03/02/12 - 09/28/12	52.4
(FY 13) Week ending 10/19/12 - 09/27/13	50.5

Note: SPD data not available prior to 03/02/2012 (inception: Feb 2012)

- **FSS Daily Sort Program Run (Batting) Order Optimization Tool**

This tool, developed as a result of an Lean Six Sigma Black Belt project, produces the "optimum" sort program run order for FSS machines based on dynamic flat mail volumes and expected throughput per hour performance.

- **FSS Tiger Teams**

The FSS Tiger Teams, which were deployed shortly after the last FSS machine was installed in 2011, finished-up their work in FY 2013. These teams (consisting of Headquarters Processing Operations, Maintenance, and Engineering support staff) visited all 46 FSS sites, focusing on improvement efforts for key performance indicators including throughput per hour, machine utilization, and equipment downtime.

- **Lean Mail Processing (LMP)**

In FY 2013, the Postal Service completed the initial phase of LMP activities at the South Jersey P&DC. At South Jersey, all mail processing operations were analyzed for efficiency improvement opportunities. Using Lean

Six Sigma principles, process improvement teams (consisting of Headquarters Operations Engineering staff and management/craft employees at the South Jersey plant) implemented more than a dozen improvement initiatives including the following:

1. Establishment of standardized staging lanes clearly depicting First-In First-Out orientation;
2. Standardized overhead signs reflecting mail class, shape, and dispatch times;
3. Mail Transport Equipment (MTE) preparation, staging, and inventory management; and
4. Large Screen Display Monitors that provide dynamic operational performance data and transportation dispatch times.

- **Cost Per Work Hour**

Generally, the Postal Service also realized savings across most operations as a result of lower average costs per work hour. As reported in the Postal Service's Form 10-K, the decline in average costs per work hour resulted largely from "[t]he number of non-career employees increase[ing] by approximately 26,000 in 2013 to 127,000 employees as a result of the increased workforce flexibility available under the new collective bargaining agreements."[1] The below table illustrates the declines in the average cost per work hour for

[1]United States Postal Service Form 10-K for Fiscal Year 2013, at 29

many of the crafts – clerks, mail handlers, city carriers, vehicle service drivers, custodial staff.[2]

PRODUCTIVE HOURLY RATES FOR FY 2012 VS. FY 2013			
SEGMENT/SUBSEGMENT	FY 2013 PROD. HRLY. RATE	FY 2012 PROD. HRLY. RATE	PERCENTAGE CHANGE
SUPERVISORS & TECHNICIANS	49.62	50.03	-0.8%
CLERKS A-J	39.68	41.00	-3.2%
MAIL HANDLERS	40.23	41.39	-2.8%
CLERKS & MAIL HAND. A-J	39.80	41.10	-3.2%
CITY DEL. CARR'S.	42.85	43.61	-1.7%
VEHICLE DRIVERS	41.68	43.21	-3.5%
RURAL CARRIERS	35.15	34.69	1.3%
BLDG. SERVICES	39.71	40.99	-3.1%
OPERATING EQUIPMENT	49.64	48.82	1.7%
BLDG EQUIPMENT	46.38	45.59	1.7%
MOTOR VEH. SVC.	44.93	45.16	-0.5%
CITY & RURAL CARRIERS	40.32	40.69	-0.9%
HEADQUARTERS*	63.33	63.02	0.5%

*Does not include Money Order Division.

b. Three costing methodology changes affected Standard Mail Flats costs in FY 2013, all from Docket No. RM2013-6: Proposal One, Proposal Two, and Proposal Three. As the subsequent table shows, however, the effects of the changes were minimal.

[2] The data in the below table is derived from the materials submitted in USPS-LR-FY12-7 (part 8) and USPS-LR-FY13-7 (part 8).

Proposal	Topic	FY 2012 Estimated Impact ($000)
One/Two	Alaska Adjustment Factor and New Distribution Key for Alaska/Hawaii/Air Taxi	(288)
Three	New Distribution Key for Highway Plant Load and Rail Plant Load	1,059
Total		771

The additional $0.7 million in relevant costs accounted for only 0.03 percent of the FY 2012 total attributable costs for Standard Mail Flats ($2.76 billion). In FY 2013, the unit cost of Standard Mail Flats was 45.2 cents. Of the 45.2 cents, 0.013 cents (or 0.03 percent of 45.2 cents) was associated with the three methodology changes listed above.

c. The table below lists the financial shortfall for Standard Mail Flats from FY 2008 through FY 2013:

Year	Revenue (millions)	Cost (millions)	Shortfall (millions)
2008	$ 3,664	$ 3,891	$ 227
2009	$ 2,866	$ 3,488	$ 622
2010	$ 2,579	$ 3,161	$ 582
2011	$ 2,491	$ 3,143	$ 652
2012	$ 2,230	$ 2,762	$ 532
2013	$ 2,134	$ 2,514	$ 380

As the Postal Service has consistently explained, it is very difficult to predict when the shortfall for Standard Mail Flats will be phased out. While the Postal Service has committed to increasing Standard Mail Flats prices by at least CPI x

1.05 during the next two market-dominant price changes, it is unlikely that the shortfall will be eliminated by the end of 2016, when the Commission will commence a comprehensive review of the present regulatory system. The prospects for eliminating the shortfall thereafter will depend not only on pricing and cost saving initiatives, but also on any changes made to applicable regulations by the Commission. Nevertheless, it is noteworthy that over the past two fiscal years the Postal service has reduced the Standard Mail Flats shortfall by $272 million. The Postal Service predicts that similar progress will be made in the upcoming year.

2. In FY 2013, there were 34 First-Class Package Service (FCPS) NSA products in effect. However, Library Reference USPS-FY13-NP27 provides financial data for only one of these FCPS NSA products. Please provide revenue, volume, weight, and attributable costs data for the 33 FCPS NSA products listed below:

	MC Docket	CP Docket	Contract
1	MC2012-18	CP2012-24	FCPS Contract 2
2	MC2012-19	CP2012-25	FCPS Contract 3
3	MC2012-20	CP2012-26	FCPS Contract 4
4	MC2012-21	CP2012-27	FCPS Contract 5
5	MC2012-22	CP2012-28	FCPS Contract 6
6	MC2012-23	CP2012-29	FCPS Contract 7
7	MC2012-27	CP2012-36	FCPS Contract 8
8	MC2012-28	CP2012-37	FCPS Contract 9
9	MC2012-35	CP2012-43	FCPS Contract 10
10	MC2012-40	CP2012-48	FCPS Contract 11
11	MC2012-41	CP2012-49	FCPS Contract 12
12	MC2012-42	CP2012-50	FCPS Contract 13
13	MC2012-43	CP2012-51	FCPS Contract 14
14	MC2012-45	CP2012-53	FCPS Contract 15
15	MC2012-49	CP2012-61	FCPS Contract 16
16	MC2012-50	CP2012-62	FCPS Contract 17
17	MC2012-51	CP2012-63	FCPS Contract 18
18	MC2012-52	CP2012-64	FCPS Contract 19
19	MC2012-53	CP2012-65	FCPS Contract 20
20	MC2013-8	CP2013-8	FCPS Contract 21
21	MC2013-9	CP2013-9	FCPS Contract 22
22	MC2013-10	CP2013-10	FCPS Contract 23
23	MC2013-11	CP2013-11	FCPS Contract 24
24	MC2013-12	CP2013-12	FCPS Contract 25
25	MC2013-15	CP2013-14	FCPS Contract 26
26	MC2013-17	CP2013-16	FCPS Contract 27
27	MC2013-18	CP2013-17	FCPS Contract 28
28	MC2013-19	CP2013-18	FCPS Contract 29
29	MC2013-20	CP2013-19	FCPS Contract 30
30	MC2013-21	CP2013-29	FCPS Contract 31
31	MC2013-22	CP2013-30	FCPS Contract 32
32	MC2013-23	CP2013-31	FCPS Contract 33
33	MC2013-24	CP2013-32	FCPS Contract 34

RESPONSE:

All of the above 33 FCPS NSAs paid published, not discounted, prices. NSAs were used to enable partners to use PCPostage as a payment method during a time when postage statements were the required method. However, as of January 27, 2013, PCPostage is now allowed as a payment mechanism and contracts are no longer required (see Postal Bulletin, *DMM Revision: Domestic Competitive Products Pricing and Mailing Standard Changes*, Dec. 13, 2012). The last FCPS NSA (FCPS 34) was filed on December 17, 2012. For the above reasons, data for FCPS contracts were not tracked, so contract-specific workbooks are not available. One workbook is provided under seal in USPS-FY13-NP32 summarizing costs for all FCPS NSAs.

3. The unit attributable costs for Parcel Select (non-NSA) increased significantly from FY 2012 to FY 2013. Please explain the reason for this increase.

RESPONSE:

Parcel Select (non-NSA) includes traditional (heavyweight) Parcel Select as well as Parcel Select Lightweight. The increase in unit attributable costs is primarily due to increases in the costs for heavyweight non-NSA Parcel Select, particularly in Parcel Select Non-Presort. After the rate change on January 27, 2013, permit mailers could no longer ship parcels as Parcel Post or Standard Post and were required to switch to Parcel Select Non-Presort. Furthermore, the eligibility requirement for Parcel Select of a minimum volume of 50 pieces was eliminated for mailers shipping Parcel Select Non-Presort and paying by PC Postage. Given these changes to eligibility, and because most Parcel Select Non-Presort prices are lower than those in Standard Post, it is likely that some low-volume commercial Parcel Post would have migrated to Parcel Select. These migrating pieces would have had characteristics similar to Parcel Post from FY 2012. For example they are not drop-shipped, so they travel farther distances on the Postal transportation network, and they are heavier and larger than the average Parcel Select.

4. The unit attributable transportation costs (Cost Segment 14) for Parcel Select (non-NSA) increased significantly from FY 2012 to FY 2013. Please explain the reason for this increase.

RESPONSE:

Please see the response to Question 3 of this Information Request that discusses the changes in mail mix within Parcel Select (non-NSA). Higher transportation costs were reported by the Transportation Cost System (TRACS) after the price increase on January 27, 2013. This was most likely due to the migration of former Parcel Post pieces, which are not drop-shipped and thus travel farther distances, into Parcel Select Non-Presort.

5. Please provide the FY 2013 attributable costs for Lightweight Parcel Select subcategory of Parcel Select (non-NSA) by cost segment.

RESPONSE:

The requested data by cost segment are provided under seal in USPS-FY13-NP32.

6. Please confirm that the latest version of the plant closings and consolidations worksheet is provided at https://ribbs.usps.gov/importantupdates/NRWinter2013.xls.

a) If confirmed, please indicate how often the file is updated.

b) If not confirmed, please provide the latest updated version and indicate how often the file is updated.

RESPONSE:

Confirmed.

a. The worksheet is updated on a weekly basis.

b. N/A.

7. Please provide FY 2011, FY 2012, and FY 2013 quarterly IMb data aggregated at the district level showing mail volumes and measured pieces for each market dominant product, except Special Services.

RESPONSE:

The requested information is provided under seal in USPS-FY13-NP32. In most cases, the data provided represent the measured volume destinating in the district. For parcel products, volumes represent origin plus destination volumes.

8. According to a response to CHIR No. 5, question 29 from the FY 2012 ACR, the "Postal Service and external measurement contractors consider both the geographic coverage as well as the volume coverage" to assess reliability of service performance results. Please provide a detailed description of the parameters used by the Postal Service and external contractors to determine the reliability of IMb data.

RESPONSE:

All measurement data undergoes a series of validation reviews to test for accuracy of start-the-clock information, address quality, mail preparation accuracy, receipt date accuracy, eDoc preparation accuracy, completeness of visibility data, and assurance that the piece originated from and destinated to a ZIP Code included in measurement. All IMb data passing those validation rules are then assessed to determine whether there are sufficient data to meet established minimum requirements. These minimums are as follows:

- Exclude pieces where the total volume of origin plus destination pieces for a Postal Area is less than or equal to 10,000 for presort First-Class Mail at the service standard group level, Periodicals mail at the Entry Type and service standard group level, Standard Mail at the Entry Type and service standard group level, and Bound Printed Matter Flats at the Entry Type level.
- Exclude pieces where the total volume of measured pieces is less than or equal to 50 pieces for an origin district-destination district combination for the following: First-Class Mail at the service standard level by shape, Periodicals mail at the basic Entry Type (DDU, DSCF, DADC, DNDC, None) and service standard level, Standard Mail at the basic Entry Type (DDU, DSCF, DADC, DNDC, None), shape, and service standard level, and Bound Printed Matter Flats at the basic Entry Type (DDU, DSCF, DADC, DNDC, None) level.
- For Standard Mail individual products, exclude pieces where the total volume of originating plus destinating pieces are less than 1000 pieces for a district and basic entry type (DDU, DSCF, DADC, DNDC, None) and exclude pieces where the total volume of originating plus destinating pieces are less than 100 at the

district and service standard group reporting level. These are evaluated for each Standard Mail product.

One of the final steps in the assessment process is to calculate the number of districts having no measureable origin or destination pieces, fewer than 100 pieces, fewer than 200 pieces, etc. up to 1000 pieces, to determine whether the available data are concentrated in only a few districts. If more than half the districts have less than 1000 measurable pieces, the results are deemed unrepresentative and withheld from reporting. This geographic/volume coverage assessment is currently conducted quarterly for FCM Flats, Bound Printed Matter Flats, and for each of these Standard Mail products: High Density and Saturation Letters, High Density and Saturation Flats/Parcels, Carrier Route, Letters, and Flats, as well as for the Mixed Flats and Mixed Letters reporting categories. These products, along with DDU Entry Periodicals and DDU-Entry Standard Mail products besides Saturation flats, are assessed quarterly because measured volumes have been low for some products and reporting categories historically, unlike for other products measured using IMb data where the coverage is consistently very strong. The assessments are made at the reporting level, which generally means at the mail entry type and service standard group level. The goal of the assessment is to provide reports with meaningful data representative of the category rather than representative of only a small part of the country. In some cases, RPW weights are used to weight the aggregate results and the volume assessments are designed to avoid the possibility of assigning a high weight to a very low number of measured pieces to produce an unreliable score.

In cases where the total measured volume is low for the entire product, additional analyses are performed to examine how many origins are represented, how concentrated that volume is at the ZIP Code and district level, and how many mailing and receipt days within the quarter are represented for each district and the nation. While there are no absolute minimum criteria for these assessment categories, when an abundance of the metrics indicates poor coverage, the data are deemed unreliable and the product is withheld from reporting altogether.

9. In reference to the attached worksheet, CHIR #2 Question 5.xlsx, please confirm the attached list of 3-Digit ZIP Codes and corresponding state/regions is correct. If not, please provide updated information in a separate worksheet.

RESPONSE:

Not confirmed. Please see the Excel file ChIR2.9.xls attached to this response electronically. Note that in the "Main" tab, the bold figures reflect the changes from the file cited in the question above, and 3-digit ZIP Codes that cross states are assigned to the state with the most deliveries. The "XStates" tab identifies the 3-digit ZIP Codes that cross states.

10. Please provide in Excel format, the service standard for each market dominant product (excluding Special Services) for each origination and destination 3-Digit ZIP Code pair in effect on:

a. the first day of FY 2013, and
b. the last day of FY 2013.

RESPONSE:

The requested material is provided (because of its size) in USPS-FY13-44.

11. The Postal Service claims that no statutory exception applies to the following workshare discounts with passthroughs that exceed 100 percent:

- First-Class Mail
  - Qualified Business Reply Mail (QBRM) Letters
  - QBRM Cards
  - Automation Mixed AADC Letters
  - Automation ADC Flats
  - Automation 3-Digit Flats
- Standard Mail
  - Nonautomation ADC Nonmachinable Letters
  - Automation 3-Digit Flats
  - Automation 5-Digit Flats (commercial and nonprofit)
  - Nonautomation 3-Digit Flats (commercial and nonprofit)
- Package Services
  - BPM Flats DNDC Dropship
  - BPM Parcels DNDC Dropship

a. Please confirm that the Postal Service plans to align each of these discounts with avoided costs at the time of the next rate adjustment of general applicability. If not confirmed, please provide a specific timeline for aligning each of these discounts with avoided costs.

b. The Postal Service claims that it would be "inefficient and unduly disruptive to the Postal Service and its customers to immediately adjust prices to correct passthroughs that exceed 100 percent." FY 2012 ACR at 9. Please explain (i) what inefficiencies would exist and what disruptions would occur if passthroughs were immediately aligned with avoided costs; and (ii) why it is more efficient to have CY 2014 workshare discounts that are based on FY 2012 costs, rather than FY 2013 costs.

c. Please confirm that each of these discounts could be aligned with avoided costs immediately even though the Postal Service believes doing so would be inefficient and unduly disruptive to itself and its customers. FY 2013 ACR at 9. If not confirmed, please explain why the rate shock exception does not apply. *See* 39 U.S.C. 3622(e)(2)(B). If the rate shock exception does apply, or another exception applies, please provide supporting information for that exception pursuant to 39 C.F.R. 3050.21(e)(4).

RESPONSE:

a. Confirmed for First-Class Mail QBRM Letters, QBRM Cards, Automation Mixed AADC Letters, Standard Mail Nonautomation ADC Nonmachineable Letters, and Nonautomation 3-Digit Flats, Standard Mail Automation 3-Digit and 5-Digit Flats, and BPM Flats DNDC Dropship and Parcels DNDC Dropship, as discussed below. Not confirmed for First-Class Mail Automation ADC Flats, and First-Class Automation 3-Digit Flats.

First-Class Mail (FCM) QBRM, Letters, Standard Mail Nonautomation ADC Nonmachinable Letters, Standard Mail Automation 3-Digit Flats, Standard Mail Automation 5-Digit Flats (commercial and nonprofit), Standard Mail Nonautomation 3-Digit Flats (commercial and nonprofit), BPM Flats DNDC Dropship, and BPM Parcels DNDC Dropship

Given the constraints of each individual filing, the Postal Service does try to align each of these discounts with the most recently estimated cost avoidance. If each cost avoidance remains at the ACR level at the time of the next general rate adjustment, the Postal Service plans to align each discount with avoided costs, assuming this alignment is consistent with the level of CPI and the business strategy needs at the time of the price change filing.

FCM QBRM Cards

With the implementation of Docket No. R2013-11 prices on January 26, 2014 the discount for QBRM cards will be 1.4 cents, slightly less than the cost avoidance of 1.5 cents. Therefore the discount for QBRM Cards will be less than the latest cost avoidance once the prices are implemented on January 26, 2014.

FCM Automation Mixed AADC Letters

When the Docket No. R2013-11 prices are implemented on January 26, 2014, the discount for Mixed AADC Letters compared to the benchmark of Metered Letters will be 4.5 cents, less than the current cost avoidance estimate of 5.3 cents. Therefore the discount for Mixed AADC Letters will be less than the latest cost avoidance once the prices are implemented on January 26, 2014.

FCM Automation ADC Flats

Not Confirmed. The Postal Service plans to align this discount with its cost avoidance but it may take more than one price adjustment. Approval of Proposal 8 in Docket No. RM2014-1 would increase the cost avoidance, allowing the Postal Service to align the discount faster, perhaps in the next rate adjustment.

FCM Automation 3-Digit Flats

Not Confirmed. The Postal Service plans to align this discounts with its cost avoidance but it may take more than one price adjustment. Approval of Proposal 8 in

Docket No. RM2014-1 would increase the cost avoidance, allowing the Postal Service to align the discount faster, perhaps in the next rate adjustment.

b. New cost avoidances were completed during December, 2013. The implementation of the newly approved prices is scheduled for January 26, 2014. To adjust prices now would in fact be inefficient and disruptive to both the Postal Service and its customers. The Postal Service would need to develop the new prices to present to the Governors for approval to file in January, 2014. The filing would be subject to Commission review and once an approval order was issued the Postal Service and their customers would need time to complete programing in all impacted systems. Thus the Postal Service would be forced to either delay the January 26 implementation in order to implement the adjusted prices along with the full price change, or forced to change prices again a few short months after the January 26 implementation. The first scenario would delay the flow of increased revenues from the price increases, while the second scenario would cause the Postal Service and industry to incur additional programming and implementation costs in order to accommodate the additional adjustments. Moreover, fixing the passthroughs immediately would be constrained by the absence of cap space resulting from Docket No. R2013-11. Therefore, there is no practical opportunity to update the CY2014 discounts now to reflect FY2013 costs, instead of FY2012 costs.

c. Assuming that we could disregard the inefficient and disruptive nature of such a change as described in the answer to question b above, confirmed for First-Class Mail QBRM Letters, QBRM Cards, and Mixed AADC Automation Letters, Standard Mail Nonautomation ADC Nonmachinable Letters, Automation 3-Digit Flats, Automation 5-Digit Flats (commercial and nonprofit), and Nonautomation 3-Digit Flats (commercial and nonprofit), BPM Flats DNDC Dropship, and BPM Parcels DNDC Dropship.

To correct the First-Class Mail ADC and 3-Digit Automation Flats passthroughs immediately, the price increases for the First-Class Mail Automation Flats (ADC, 3-Digit, and 5-Digit) would range from 10.1 percent to 21.2 percent (including the increases resulting from Docket Nos. R2013-10 and R2013-11). These increases justify application of the rate shock exception.