

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

NOTICE OF MARKET-DOMINANT
PRICE ADJUSTMENT – PROMOTIONS AND
FIRST-CLASS MAIL PARCELS

Docket No. R2016-5

UNITED STATES POSTAL SERVICE
NOTICE OF MARKET-DOMINANT PRICE ADJUSTMENT
(May 16, 2016)

Pursuant to 39 U.S.C. § 3622 and 39 C.F.R. part 3010, the United States Postal Service hereby provides notice that the Governors, in accordance with 39 U.S.C. § 404(b) and 39 C.F.R. § 3.4(e), have authorized the Postal Service to adjust the prices for a limited number of market-dominant products within the First-Class Mail and Standard Mail classes. Specifically, the Postal Service seeks approval for six promotional discounts to be offered in Calendar Year (CY) 2017, and price increases to correct an anomaly within First-Class Mail Parcels (FCMP). The FCMP changes will take effect on August 28, 2016. The first of the CY 2017 promotions is scheduled to take effect on January 1, 2017.

In this Notice, the Postal Service provides the information required by Rule 3010.12. In Part I, the Postal Service discusses its compliance with the price cap, which limits the average percentage price increase for each affected class of mail. In Part II, the Postal Service discusses the promotions planned for CY 2017. In Part III, the Postal Service discusses the proposed price changes for FCMP. In Part IV, the Postal Service explains how the price changes proposed in this docket are consistent with the objectives and factors of section 3622, and the preferential pricing requirements

of section 3626. In Part V, the Postal Service describes the changes to the Mail Classification Schedule (MCS) related to this price change.

Attached to this pleading, the Postal Service has provided: 1) an updated MCS reflecting the price changes (Attachment A); 2) the CY 2017 Promotions Calendar (Attachment B); and 3) the price cap authority calculation (Attachment C). The Postal Service is also filing price cap calculation workpapers concurrently with this pleading. These workpapers demonstrate how the proposed price changes for First-Class Mail and Standard Mail comply with the price cap. The materials are designated as:

- | | |
|----------------------------|---|
| USPS-LR-R2016-5/1 | First-Class Mail Workpapers |
| USPS-LR-R2016-5/2 | Standard Mail Workpapers |
| USPS-LR-R2016-5/NP1 | First-Class Mail International Workpapers |

Each set of workpapers also includes a preface that provides an overview of the contents and an explanation of the price change calculations. A separate notice is being filed today for the nonpublic First-Class Mail International workpapers, along with an application for nonpublic treatment.

The Postal Service certifies that it will inform customers of these price adjustments, as required by Rule 3010.12(a)(3). In addition to this Notice, the Postal Service will publish notice of these price changes in the Postal Bulletin and in the PCC Insider. Other efforts to make the public and the mailing community aware of these price adjustments include postings on USPS.com and on the Postal Explorer website, and the issuance of a Press Release. As a result of this outreach, widespread notice of the prices will be provided more than 45 days before their planned implementation dates.

Pursuant to Rule 3010.12(a)(4), Mr. Steven Phelps will serve as the Postal Service official responsible for responding to any Commission inquiries. Mr. Phelps' contact information is as follows:

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I. Price Cap Compliance

In compliance with Rules 3010.12(b)(1) through (4), the following section describes the applicable CPI-U price cap, the percentage change in prices for the First-Class Mail and Standard Mail classes, the amount of unused price adjustment authority available for the First-Class Mail and Standard Mail classes from prior dockets, and the amount of new unused price adjustment authority after these price changes. In this filing, the Postal Service's price cap calculation reflects the expiration of the First-Class Mail and Standard Mail promotions approved in Docket No. R2016-2, the renewal of those promotions in 2017, and the addition of a new promotion in 2017. Because of: 1) changes in the duration of the Mobile Shopping promotion (from six months to five months) and of the Earned Value promotion (from three months to six months); and 2) an increase in the discount for the Earned Value promotion, the Postal Service finds that the close-out of the 2016 Promotions, and the initiation of the 2017 Promotions, result in an increase in price cap authority. In First-Class Mail, this additional authority is offset by the impact of the price increases in FCMP and the incorporation of the January 2016 price increases for Inbound Letter Post in the price cap calculation.¹

¹ Inbound Letter Post prices are set by the Universal Postal Union and are implemented each January. This is the Postal Service's first rate adjustment filing since the January Inbound Letter Post price change.

A. Inflation-Based Price Adjustment Authority

Based on the most recently available data from the Bureau of Labor Statistics, the Postal Service has inflation-based price adjustment authority of 0.384 percent. See Attachment C. This is based on the *Consumer Price Index – All Urban Consumers, U.S. All Items (the “CUUR0000SA0” series)* and conforms with Rule 3010.22, which governs the calculation of the annual limitation when notices of rate adjustment are filed less than 12 months apart.

B. Price Cap Impact of New Prices

The cap compliance calculation, as defined by the Commission, uses a set of fixed weights applied to the current and new prices to construct a weighted average price change for each affected market-dominant class.² The fixed weights are based on the most recently compiled 12 months of billing determinants (FY 2015, Quarter 2 through FY 2016, Quarter 1), with adjustments that are supported and reasonable.

C. Percentage Change by Mail Class

As demonstrated in USPS-LR-R2016-5/1, USPS-LR-R2016-5/2, and USPS-LR-R2016-5/NP1, the prices for the First-Class Mail and Standard Mail classes comply with the annual limitation of price adjustment authority available to the Postal Service. The percentage change in prices for First-Class Mail is an increase of 0.046 percent. The percentage change in prices for Standard Mail is a decrease of 0.019 percent. Both of these changes are less than the new inflation-based price adjustment authority.

Therefore, the Postal Service is accounting for the price cap impact of that price change (0.10 percent) in this filing.

² 39 C.F.R. § 3010.23.

D. Overall Price Adjustment Authority

Combining the “inflation-based” and the “percentage change by mail class” figures, the Postal Service calculates the new unused authority for the First-Class Mail class to be 0.338 percent. The Postal Service calculates the unused new authority available for the Standard Mail class to be 0.403 percent.

E. Unused Price Adjustment Authority

The existing unused rate adjustment authority for the First-Class Mail class is 0.074 percent.³ The existing unused rate adjustment authority for the Standard Mail class is 0.104 percent.⁴ The Postal Service will not utilize any of its unused price adjustment authority in this docket.

F. Unused Pricing Authority Resulting From this Change

After the price changes, the Postal Service calculates its total unused price adjustment authority as follows:

Table 1
Unused Pricing Authority Available Following this Price Change

Class	Percentage Points
First-Class Mail	
R2016-2 [1]	0.074
R2016-5 [2]	0.338
Total	0.412
Standard Mail	
R2016-2 [1]	0.104
R2016-5 [2]	0.403
Total	0.507

[1] Existing unused price adjustment authority.

[2] Cap Calculation worksheets (USPS-LR-R2016-5/1 and USPS-LR-R2016-5/2).

³ Order No. 2861, Order on Price Adjustments for Market Dominant Products and Related Mail Classification Changes, at 5, PRC Docket No. R2016-2 (Dec. 10, 2015) [hereafter *PRC Order No. 2861*].

⁴ *Id.*, at 7.

II. Promotions

In this limited price change filing, the Postal Service seeks approval for six promotions to be held during CY 2017. In response to mailer requests for more advance notice of its upcoming promotional offerings, the Postal Service is seeking approval of the 2017 promotions earlier than it has in the past. The Postal Service expects that obtaining approval of the 2017 promotions now, rather than in the fall, will provide mailers sufficient planning time to maximize their participation in the 2017 promotions, thus better fulfilling the promotions' goal of retaining and increasing mail volumes.

Five of the CY 2017 promotions are continuations of the CY 2016 promotions approved by the Commission in Docket No. R2016-2.⁵ The continuing promotions will undergo certain updates in 2017, including:

- the Mobile Shopping Promotion will be offered for five months, instead of six;
- the Earned Value Reply Mail Promotion will be extended to six months (from three months), offer credits for Alternate Postage mailpieces (in addition to Business Reply Mail (BRM) and Courtesy Reply Mail (CRM) pieces), and increase the per-piece credit amount to \$0.05 (from \$0.02);
- the Emerging and Advanced Technology Promotion will include two new categories of qualifying technology.

In addition, the Postal Service seeks to offer one new promotion: the Direct Mail Starter Promotion. Each of the CY 2017 promotions is outlined below and is described in greater detail in Attachment B.

⁵ See generally, Order No. 2861, *supra* note 3.

January – June 2017:

Earned Value Reply Mail Promotion: As in prior years, this promotion will encourage mailers to distribute BRM and CRM envelopes and cards by providing them with a financial benefit when their customers put those pieces back in the mail. New in 2017, mailers will also earn a financial benefit related to their distribution of Alternate Postage pieces. Mailers who satisfy the promotion requirements will receive a five-cent postage credit for each BRM, CRM, and Alternate Postage piece that is placed in the mailstream by the recipient and scanned during the promotion period. Unlike in prior years, additional credits will not be offered to mailers that meet or increase their prior-year's volume. Credits may be applied to postage for First-Class Mail presort and automation cards, letters, and flats, and Standard Mail letters and flats. Unused credits will expire December 31, 2017.

February – July 2017:

Tactile, Sensory and Interactive Mailpiece Engagement Promotion: This promotion encourages mailers to enhance customer engagement with the mail through the use of advanced print innovations in paper and stock, substrates, inks, and finishing techniques. Regular and nonprofit Standard Mail letters and flats that meet the promotion requirements will be eligible for an upfront two-percent postage discount during the promotion period.

March – August 2017:

Emerging and Advanced Technology Promotion: This promotion encourages mailers to incorporate mobile and other technologies into their direct mailpieces.

As in prior years, regular and nonprofit Standard Mail letters and flats, and First-Class Mail presort or automation letters, cards, and flats that meet the promotion requirements will be eligible for an upfront two-percent postage discount. In addition to the qualifying technologies recognized in 2016, eligibility for the discount in 2017 will extend to mailpieces that incorporate two new categories of emerging technology, which can enhance mailers' direct marketing campaigns: virtual reality, and technology that facilitates programmatic and retargeting marketing strategies. Unlike in 2016, the 2017 promotion will not offer an A/B Testing option (under which the discount was made available to a limited number of test pieces not meeting the promotion's eligibility requirements).

May – July 2017:

Direct Mail Starter Promotion: The Postal Service is aware that complex participation requirements can create barriers for many small business mailers that would otherwise respond to promotional incentives by maintaining or growing their direct mail volume. This promotion is intended to encourage small business mailers to design direct mail marketing campaigns that incorporate a qualifying technology (such as a QR code), which leads the consumer to a mobile-optimized website. Regular and nonprofit Standard Mail letters and flats that meet the promotion requirements will be eligible for an upfront five-percent postage discount. No more than 10,000 pieces per mailer may receive the discount during the promotion period.

July – December 2017:

Personalized Color Transpromo Promotion: As in prior years, this promotion will enhance the value of First-Class Mail by encouraging mailers of bills and statements to use color messaging in order to foster a better connection with, and response from, customers. First-Class Mail presort and automation letters—bills and statements only—that meet the promotion requirements will be eligible for an upfront two-percent postage discount during the promotion period. To receive the discount, all mailpieces must incorporate color messaging. In addition, for a participant in a prior year’s Personalized Color Transpromo Promotion,⁶ the messaging in this year’s mailpieces must also either address the recipient by name or contain information relevant and specific to the recipient.

August – December 2017:

Mobile Shopping Promotion: This promotion encourages mailers to integrate into their direct mail pieces mobile technology that facilitates an online shopping experience, and in turn, creates a convenient method for consumers to do their online shopping, particularly during the holiday season. Regular and nonprofit Standard Mail letters and flats that meet the promotion requirements will be eligible for an upfront two-percent postage discount during the promotion period.

⁶ A “participant in a prior year” includes a participant in any prior iteration of the Personalized Color Transpromo Promotion, regardless of the promotion’s title that year. For example, a participant in a prior year includes a participant in the 2015 Color Transpromo Promotion, as well as a participant in the 2014 Color Print in First-Class Mail Transactions Promotion.

III. First-Class Mail Parcels

As mentioned above, the Postal Service is proposing changes to FCMP prices to correct an anomaly. More specifically, the Postal Service is proposing small increases for the one-, two-, and three- ounce rate cells in the “Retail” price category.⁷

These adjustments will align the aforementioned FCMP “Retail” prices with the corresponding one-, two-, and three-ounce prices for First-Class Package Service (FCPS), a competitive product. The gap between these FCMP and FCPS price cells was inadvertently created when: 1) the Postal Regulatory Commission denied the request by the Postal Service to transfer FCMP to the competitive products list in August of 2015;⁸ 2) the Postal Service substantially increased FCPS prices in January of 2016;⁹ and 3) the Postal Service chose not to file a general market-dominant price adjustment for implementation in January of 2016, due to the small amount of available CPI pricing authority.¹⁰

IV. Objectives and Factors, Workshare Discounts, and Preferred Rates

In compliance with Rules 3010.12(b)(5) through (8), this section discusses how the planned price changes: 1) “help achieve the objectives listed in 39 U.S.C. 3622(b) and properly take into account the factors listed in 39 U.S.C. 3622(c)”; 2) impact workshare discounts; and 3) are consistent with section 3626.

⁷ Additionally, the Postal Service is also proposing small increases for the one-, two-, and three-ounce price cells in the “keys and identification devices” prices category. This change is necessary to maintain the \$0.82 gap that currently exists between the price cells in the “Retail” and the “Keys and Identification Devices” categories.

⁸ Order No. 2686, Order Denying Transfer of First-Class Mail Parcels to the Competitive Product Category, at 25, PRC Docket No. MC2015-7 (August 26, 2015).

⁹ See, Order No. 2814, Order Approving Changes in Rates of General Applicability for Competitive Products, at 3, PRC Docket No. CP2016-9 (November 13, 2015).

¹⁰ The gap between the one-, two-, and three-ounce FCMP and FCPS price cells was exacerbated by the April 10, 2016 exigent rollback. After the rollback, the gap between these price cells grew to be as large as 15 cents.

A. Objectives and Factors

The objectives listed in section 3622(b) are as follows:

(b) Objectives.--Such system shall be designed to achieve the following objectives, each of which shall be applied in conjunction with the others:

- (1) To maximize incentives to reduce costs and increase efficiency.
- (2) To create predictability and stability in rates.
- (3) To maintain high quality service standards established under section 3691.
- (4) To allow the Postal Service pricing flexibility.
- (5) To assure adequate revenues, including retained earnings, to maintain financial stability.
- (6) To reduce the administrative burden and increase the transparency of the ratemaking process.
- (7) To enhance mail security and deter terrorism.
- (8) To establish and maintain a just and reasonable schedule for rates and classifications, however the objective under this paragraph shall not be construed to prohibit the Postal Service from making changes of unequal magnitude within, between, or among classes of mail.
- (9) To allocate the total institutional costs of the Postal Service appropriately between market-dominant and competitive products.

To a large extent, the objectives of section 3622(b) are addressed by the design of the system for regulating rates and classes for market-dominant products, and the promotions and other price changes do not substantially alter the degree to which First-Class Mail and Standard Mail prices already address these objectives. In this Notice, the Postal Service indicates its intention to increase First-Class Mail prices and decrease Standard Mail prices by the percentages specified in Part 1.C. Any price change made pursuant to the price cap structure set forth by section 3622(d) “helps achieve” many of these objectives (e.g., Objective 1, Objective 2, Objective 8). In particular, the implementation of promotional pricing and the price adjustments to FCMP are examples of the exercise of the limited pricing flexibility provided to the Postal Service by the Postal Accountability and Enhancement Act (PAEA) (Objective 4). Further, the promotions improve the financial position of the Postal Service (Objective 5)

by increasing the value of direct mail, and promoting the retention of transactional mail volumes. Similarly, the price adjustments to FCMP function to improve the financial position of the Postal Service by correcting the price imbalance between two of its products, thus discouraging volume migration to the lower-priced product.

In addition to the objectives listed above, section 3622(c) enumerates 14 factors to be taken into account:

(c) Factors.--In establishing or revising such system, the Postal Regulatory Commission shall take into account--

- (1) the value of the mail service actually provided each class or type of mail service to both the sender and the recipient, including but not limited to the collection, mode of transportation, and priority of delivery;
- (2) the requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to each class or type of mail service through reliably identified causal relationships plus that portion of all other costs of the Postal Service reasonably assignable to such class or type;
- (3) the effect of rate increases upon the general public, business mail users, and enterprises in the private sector of the economy engaged in the delivery of mail matter other than letters;
- (4) the available alternative means of sending and receiving letters and other mail matter at reasonable costs;
- (5) the degree of preparation of mail for delivery into the postal system performed by the mailer and its effect upon reducing costs to the Postal Service;
- (6) simplicity of structure for the entire schedule and simple, identifiable relationships between the rates or fees charged the various classes of mail for postal services;
- (7) the importance of pricing flexibility to encourage increased mail volume and operational efficiency;
- (8) the relative value to the people of the kinds of mail matter entered into the postal system and the desirability and justification for special classifications and services of mail;
- (9) the importance of providing classifications with extremely high degrees of reliability and speed of delivery and of providing those that do not require high degrees of reliability and speed of delivery;
- (10) the desirability of special classifications for both postal users and the Postal Service in accordance with the policies of this title, including agreements between the Postal Service and postal users, when available on public and reasonable terms to similarly situated mailers, that--

- (A) either--
 - (i) improve the net financial position of the Postal Service through reducing Postal Service costs or increasing the overall contribution to the institutional costs of the Postal Service; or
 - (ii) enhance the performance of mail preparation, processing, transportation, or other functions; and
 - (B) do not cause unreasonable harm to the marketplace.
- (11) the educational, cultural, scientific, and informational value to the recipient of mail matter;
 - (12) the need for the Postal Service to increase its efficiency and reduce its costs, including infrastructure costs, to help maintain high quality, affordable postal services;
 - (13) the value to the Postal Service and postal users of promoting intelligent mail and of secure, sender-identified mail; and
 - (14) the policies of this title as well as such other factors as the Commission determines appropriate.

As with section 3622(b), the promotions and price changes do not substantially alter the degree to which First-Class Mail and Standard Mail prices address many of the factors of section 3622(c). As discussed above, the implementation of the CY 2017 promotions and the price adjustments to FCMP constitute the exercise of the limited pricing flexibility provided by the PAEA in order to encourage increased mail volume (Factor 7). In particular, the promotions enhance the value of the mail by encouraging the use of innovative mailing techniques, which helps drive return on investment for commercial mailers, and provides consumers with new ways to engage with the mail (Factor 1). Further, as reported in the FY 2015 ACR,¹¹ the cost coverage for FCMP is 112 percent. Even though the cost coverage is above 100 percent, it is fairly low by First-Class Mail standards. The FCMP price increases are aimed at both improving this product's cost coverage and ensuring that it does not fall below 100 percent (Factor 2).

¹¹ United States Postal Service FY 2015 Annual Compliance Report, at 8, 9, PRC Docket No. ACR2015 (Dec. 29, 2015); Postal Regulatory Commission, Financial Analysis of United States Postal Service Financial Results and 10-K Statement, at 88, PRC Docket No. ACR2015 (March 29, 2016).

B. Workshare Discounts

The promotions and price increases do not implicate workshare discounts.

C. Preferred Rates

The prices are available to all mailers and will therefore not affect compliance with any preferred rate requirements.

V. MCS Changes

Rule 3010.12(b)(9) requires that this Notice identify all the changes to the MCS that will be necessary to implement the planned price adjustments. Attachment A shows the new prices and related product description changes incorporated into a revised draft of the market-dominant section of the MCS.¹² Along with minor formatting and wording changes, the substantive rate and classification changes for this filing include the following:

- Updated promotions for CY 2017 in First-Class Mail and Standard Mail.
- Adjustments to the one-, two-, and three-ounce rate cells for the “Retail,” and “Keys and Identification Devices” price categories of FCMP.

¹² Attachment A is based on the April 8, 2016 draft MCS provided by the Commission at <http://www.prc.gov/mail-classification-schedule>. The classification changes are shown in legislative format.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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ATTACHMENT A

CHANGES TO MAIL CLASSIFICATION SCHEDULE

(Deletions are marked by strikethrough and additions are underlined. Some unchanged language is included, but only to show the location of the changes.)

PART A MARKET DOMINANT PRODUCTS

* * * * *

1100 First-Class Mail

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1110 Presorted Letters/Postcards

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1110.4 Optional Features

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

* * * * *

- Emerging and Advanced Technology/~~Video in Print~~ Promotion (March 1, ~~2016~~2017 to August 31, ~~2016~~2017)
- Earned Value Reply Mail Promotion (~~April 1, 2016 to June 30,~~
~~2016~~January 1, 2017 to June 30, 2017)
- Personalized Color Transpromo Promotion (July 1, ~~2016~~2017 to December 31, ~~2016~~2017)

1110.5 Prices

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Emerging and Advanced Technology ~~Video in-Print~~ Promotion (March 1, 2016 ~~2017~~ to August 31, 2016 ~~2017~~)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and Standard Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in an technological experience, or were automatically generated by the recipient's applicable online activities, facilitated by qualifying emerging technology leading to a mobile experience. ~~A limited number of nonqualifying pieces used for testing purposes are eligible for the discount if the mailer reports testing results to the Postal Service.~~ To receive the discount, mailers must comply with the eligibility requirements of the program.

Earned Value Reply Mail Promotion (~~April 1, 2016 to June 30, 2016~~ January 1, 2017 to June 30, 2017)

Provide a ~~\$0.052 or \$0.03~~ per piece rebate on all Business Reply Mail, and Courtesy Reply Mail, and Alternate Postage pieces that meet program requirements and are ~~returned to the registered customer~~ placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have ~~mailed out pieces that included~~ distributed a Business Reply Mail, ~~or Courtesy Reply Mail envelope, or Alternate Postage card or envelope, and must~~ comply with all other eligibility requirements of the program. ~~To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2015 Earned Value Promotion and meet or increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2016.~~

Personalized Color Transpromo Promotion (July 1, 2016 ~~2017~~ to December 31, 2016 ~~2017~~)

Provide a 2 percent discount on qualifying postage for First-Class Mail automation letters sent as part of a full-service IMb mailing during the established program period. All mailpieces which must contain bills or statements with dynamic variable color (four-color-process) messaging. In addition, in mailpieces sent by a prior year's participant the color messaging must be personalized to the recipient. The color messaging must be on the bill or statement and be for marketing or consumer information purposes. To receive the discount, mailers must comply with the eligibility requirements of the program.

1115 Flats

1115.4 Optional Features

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

- Emerging and Advanced Technology ~~Video in Print~~ Promotion (March 1, ~~2016~~2017 to August 31, ~~2016~~2017)
- Earned Value Reply Mail Promotion (~~April 1, 2016 to June 30, 2016~~January 1, 2017 to June 30, 2017)

1115.5 Prices

Emerging and Advanced Technology ~~Video in Print~~ Promotion (March 1, ~~2016~~2017 to August 31, ~~2016~~2017)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and Standard Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in an technological experience, or were automatically generated by the recipient's applicable online activities, facilitated by qualifying emerging technology leading to a mobile experience. A limited number of nonqualifying pieces used for testing purposes are eligible for the discount if the mailer reports testing results to the Postal Service. To receive the discount, mailers must comply with the eligibility requirements of the program.

Earned Value Reply Mail Promotion (April 1, 2016 to June 30, 2016/January 1, 2017 to June 30, 2017)

Provide a ~~\$0.052~~ or ~~\$0.03~~ per piece rebate on all Business Reply Mail, and Courtesy Reply Mail, and Alternate Postage pieces that meet program requirements and are ~~returned to the registered customer~~ placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have ~~mailed out pieces that included~~ distributed a Business Reply Mail, or Courtesy Reply Mail envelope, or Alternate Postage card or envelope, and must comply with all other eligibility requirements of the program. ~~To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2015 Earned Value Promotion and meet or increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2016.~~

1120 Parcels

1120.5 Prices

Retail¹

Maximum Weight (ounces)	Single-Piece (\$)
1	2.45 <u>2.62</u>
2	2.45 <u>2.62</u>
3	2.45 <u>2.62</u>
4	2.64
5	2.83
6	3.02
7	3.21
8	3.40
9	3.59
10	3.78
11	3.97
12	4.16
13	4.35

Notes

1. A handling charge of \$0.01 per piece applies to foreign-origin, inbound direct entry mail tendered by foreign postal operators, subject to the terms of an authorization arrangement.

Keys and Identification Devices

Maximum Weight (ounces)	Keys and Identification Devices (\$)
1	3.27 <u>3.44</u>
2	3.27 <u>3.44</u>
3	3.27 <u>3.44</u>
4	3.46
5	3.65
6	3.84
7	4.03
8	4.22
9	4.41
10	4.60
11	4.79
12	4.98
13	5.17
1 (pound)	Priority Mail Retail Zone 4 postage plus 0.82
2 (pounds)	Priority Mail Retail Zone 4 postage plus 0.82

* * * * *

1200 Standard Mail (Commercial and Nonprofit)

1205 High Density and Saturation Letters

1205.5 Optional Features

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

- Earned Value Reply Mail Promotion (~~April 1, 2016 to June 30, 2016~~January 1, 2017 to June 30, 2017)
- Emerging and Advanced Technology/~~Video in Print~~ Promotion (March 1, ~~2016~~2017 to August 31, ~~2016~~2017)
- Mobile Shopping Promotion (~~July 1, 2016~~August 1, 2017 to December 31, ~~2016~~2017)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (~~March 1, 2016 to August 31, 2016~~February 1, 2017 to July 31, 2017)
- Direct Mail Starter Promotion (May 1, 2017 to July 31, 2017)

1205.6 Prices

Earned Value Reply Mail Promotion (~~April 1, 2016 to June 30, 2016~~January 1, 2017 to June 30, 2017)

Provide a \$0.05~~2~~ or \$0.03 per piece rebate on all Business Reply Mail, and Courtesy Reply Mail, and Alternate Postage pieces that meet program requirements and are returned to the registered customer placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have mailed out pieces that included distributed a Business Reply Mail, or Courtesy Reply Mail envelope, or Alternate Postage card or envelope, and must comply with all other eligibility requirements of the program. ~~To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2015 Earned Value Promotion and meet or increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2016.~~

Emerging and Advanced Technology ~~Video in Print~~ Promotion (March 1, 2016 2017 to August 31, 2016 2017)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and Standard Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in an technological experience, or were automatically generated by the recipient's applicable online activities, facilitated by qualifying emerging technology leading to a mobile experience. A limited number of nonqualifying pieces used for testing purposes are eligible for the discount if the mailer reports testing results to the Postal Service. To receive the discount, mailers must comply with the eligibility requirements of the program.

Mail Drives Mobile Engagement ~~Mobile Shopping~~ Promotion (July 1, 2016 August 1, 2017 to December 31, 2016 2017)

Provide a two percent discount on the qualifying postage for Standard Mail letters and flats which include, inside or on the mailpiece, a mobile barcode or other qualifying technology ~~inside or on the mailpiece~~ that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (March 1, 2016 to August 31, 2016 February 1, 2017 to July 31, 2017)

Provide a two percent discount on the qualifying postage for Standard Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Direct Mail Starter Promotion (May 1, 2017 to July 31, 2017)

Provide a five percent discount on the qualifying postage for Standard Mail letters and flats that contain print-mobile or other qualifying technology that leads the recipient to a mobile optimized website. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. No more than 10,000 mailpieces per mailer may qualify for the discount during the promotion period.

1210 High Density and Saturation Flats/Parcels

1210.5 Optional Features

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

- Earned Value Reply Mail Promotion: Flats Only (~~April 1, 2016 to June 30, 2016~~January 1, 2017 to June 30, 2017)
- Emerging and Advanced Technology/~~Video in Print~~ Promotion: Flats Only (March 1, ~~2016~~2017 to August 31, ~~2016~~2017)
- Mobile Shopping Promotion: Flats Only (~~July 1, 2016~~August 1, 2017 to December 31, ~~2016~~2017)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Flats Only (~~March 1, 2016 to August 31, 2016~~February 1, 2017 to July 31, 2017)
- Direct Mail Starter Promotion: Flats Only (May 1, 2017 to July 31, 2017)

1210.6 Prices

Earned Value Reply Mail Promotion: Flats Only (~~April 1, 2016 to June 30, 2016~~January 1, 2017 to June 30, 2017)

Provide a ~~\$0.052 or \$0.03~~ per piece rebate on all Business Reply Mail, and Courtesy Reply Mail, and Alternate Postage pieces that meet program requirements and are ~~returned to the registered customer~~placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have ~~mailed out pieces that included~~distributed a Business Reply Mail, ~~or Courtesy Reply Mail envelope, or Alternate Postage card or envelope,~~ and must comply with all other eligibility requirements of the program. ~~To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2015 Earned Value Promotion and meet or increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2016.~~

Emerging and Advanced Technology/~~Video in Print~~ Promotion: Flats Only (March 1, 20162017 to August 31, 20162017)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and Standard Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in an technological experience, or were automatically generated by the recipient's applicable online activities, facilitated by qualifying emerging technology leading to a mobile experience. A limited number of nonqualifying pieces used for testing purposes are eligible for the discount if the mailer reports testing results to the Postal Service. To receive the discount, mailers must comply with the eligibility requirements of the program.

Mobile Shopping Promotion: Flats Only (July 1, 2016August 1, 2017 to December 31, 20162017)

Provide a two percent discount on the qualifying postage for Standard Mail letters and flats which include, inside or on the mailpiece, a mobile barcode or other qualifying technology inside or on the mailpiece that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Flats Only (March 1, 2016 to August 31, 2016February 1, 2017 to July 31, 2017)

Provide a two percent discount on the qualifying postage for Standard Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Direct Mail Starter Promotion: Flats Only (May 1, 2017 to July 31, 2017)

Provide a five percent discount on the qualifying postage for Standard Mail letters and flats that contain print-mobile or other qualifying technology that leads the recipient to a mobile optimized website. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. No more than 10,000 mailpieces per mailer may qualify for the discount during the promotion period.

1215 Carrier Route

1215.5 Optional Features

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

- Earned Value Reply Mail Promotion: Letters and Flats Only (~~April 1, 2016 to June 30, 2016~~ January 1, 2017 to June 30, 2017)
- Emerging and Advanced Technology/~~Video in Print~~ Promotion: Letters and Flats Only (March 1, ~~2016~~ 2017 to August 31, ~~2016~~ 2017)
- Mobile Shopping Promotion: Letters and Flats Only (~~July 1, 2016~~ August 1, 2017 to December 31, ~~2016~~ 2017)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Letters and Flats Only (~~March 1, 2016 to August 31, 2016~~ February 1, 2017 to July 31, 2017)
- Direct Mail Starter Promotion: Letters and Flats Only (May 1, 2017 to July 31, 2017)

1215.6 Prices

Earned Value Reply Mail Promotion: Letters and Flats Only (~~April 1, 2016 to June 30, 2016~~ January 1, 2017 to June 30, 2017)

Provide a ~~\$0.052 or \$0.03~~ per piece rebate on all Business Reply Mail, and Courtesy Reply Mail, and Alternate Postage pieces that meet program requirements and are returned to the registered customer placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have mailed out pieces that included distributed a Business Reply Mail, or Courtesy Reply Mail envelope, or Alternate Postage card or envelope, and must comply with all other eligibility requirements of the program. ~~To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2015 Earned Value Promotion and meet or increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2016.~~

Emerging and Advanced Technology ~~Video in-Print~~ Promotion: Letters and Flats Only (March 1, 2016 ~~2017~~ to August 31, 2016 ~~2017~~)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and Standard Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in an technological experience, or were automatically generated by the recipient's applicable online activities, facilitated by qualifying emerging technology leading to a mobile experience. A limited number of nonqualifying pieces used for testing purposes are eligible for the discount if the mailer reports testing results to the Postal Service. To receive the discount, mailers must comply with the eligibility requirements of the program.

Mobile Shopping Promotion: Letters and Flats Only (July 1, 2016 ~~August 1, 2017~~ to December 31, 2016 ~~2017~~)

Provide a two percent discount on the qualifying postage for Standard Mail letters and flats which include, inside or on the mailpiece, a mobile barcode or other qualifying technology inside or on the mailpiece that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Letters and Flats Only (March 1, 2016 to August 31, 2016 ~~February 1, 2017~~ to July 31, 2017)

Provide a two percent discount on the qualifying postage for Standard Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Direct Mail Starter Promotion: Letters and Flats Only (May 1, 2017 to July 31, 2017)

Provide a five percent discount on the qualifying postage for Standard Mail letters and flats that contain print-mobile or other qualifying technology that leads the recipient to a mobile optimized website. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. No more than 10,000 mailpieces per mailer may qualify for the discount during the promotion period.

1220 Letters

1220.5 Optional Features

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

- Earned Value Reply Mail Promotion (April 1, 2016 to June 30, 2016 January 1, 2017 to June 30, 2017)
- Emerging and Advanced Technology/Video in Print Promotion (March 1, 2016 2017 to August 31, 2016 2017)
- Mobile Shopping Promotion (July 1, 2016 August 1, 2017 to December 31, 2016 2017)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (March 1, 2016 to August 31, 2016 February 1, 2017 to July 31, 2017)
- Direct Mail Starter Promotion (May 1, 2017 to July 31, 2017)

1220.6 Prices

Earned Value Reply Mail Promotion (April 1, 2016 to June 30, 2016 January 1, 2017 to June 30, 2017)

Provide a \$0.052 or \$0.03 per piece rebate on all Business Reply Mail, and Courtesy Reply Mail, and Alternate Postage pieces that meet program requirements and are returned to the registered customer placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have mailed out pieces that included distributed a Business Reply Mail, or Courtesy Reply Mail envelope, or Alternate Postage card or envelope, and must comply with all other eligibility requirements of the program. ~~To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2015 Earned Value Promotion and meet or increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2016.~~

Emerging and Advanced Technology ~~Video in Print~~ Promotion (March 1, 2016 ~~2017~~ to August 31, 2016 ~~2017~~)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and Standard Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in an technological experience, or were automatically generated by the recipient's applicable online activities, facilitated by qualifying emerging technology leading to a mobile experience. A limited number of nonqualifying pieces used for testing purposes are eligible for the discount if the mailer reports testing results to the Postal Service. To receive the discount, mailers must comply with the eligibility requirements of the program.

Mobile Shopping Promotion (July 1, 2016 ~~2017~~ to December 31, 2016 ~~2017~~)

Provide a two percent discount on the qualifying postage for Standard Mail letters and flats which include, inside or on the mailpiece, a mobile barcode or other qualifying technology inside or on the mailpiece that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (March 1, 2016 to August 31, 2016 ~~February 1, 2017 to July 31, 2017~~)

Provide a two percent discount on the qualifying postage for Standard Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Direct Mail Starter Promotion (May 1, 2017 to July 31, 2017)

Provide a five percent discount on the qualifying postage for Standard Mail letters and flats that contain print-mobile or other qualifying technology that leads the recipient to a mobile optimized website. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. No more than 10,000 mailpieces per mailer may qualify for the discount during the promotion period.

1225 Flats

1225.5 Optional Features

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

- Earned Value Reply Mail Promotion (April 1, 2016 to June 30, 2016 January 1, 2017 to June 30, 2017)
- Emerging and Advanced Technology/Video in Print Promotion (March 1, 2016 2017 to August 31, 2016 2017)
- Mobile Shopping Promotion (July 1, 2016 August 1, 2017 to December 31, 2016 2017)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (March 1, 2016 to August 31, 2016 February 1, 2017 to July 31, 2017)
- Direct Mail Starter Promotion (May 1, 2017 to July 31, 2017)

1225.6 Prices

Earned Value Reply Mail Promotion (April 1, 2016 to June 30, 2016 January 1, 2017 to June 30, 2017)

Provide a \$0.052 or \$0.03 per piece rebate on all Business Reply Mail, and Courtesy Reply Mail, and Alternate Postage pieces that meet program requirements and are returned to the registered customer placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have mailed out pieces that included distributed a Business Reply Mail, or Courtesy Reply Mail envelope, or Alternate Postage card or envelope, and must comply with all other eligibility requirements of the program. To qualify for the \$0.03 per piece rebate, a mailer must have participated in the 2015 Earned Value Promotion and meet or increase their volume of qualifying Business Reply Mail/Courtesy Reply Mail pieces in 2016.

Emerging and Advanced Technology ~~Video in Print~~ Promotion (March 1, 2016 ~~2017~~ to August 31, 2016 ~~2017~~)

Provide a two percent discount on the qualifying postage for First-Class Mail presort or automation letters, postcards, and flats, and Standard Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in an technological experience, or were automatically generated by the recipient's applicable online activities, facilitated by qualifying emerging technology leading to a mobile experience. A limited number of nonqualifying pieces used for testing purposes are eligible for the discount if the mailer reports testing results to the Postal Service. To receive the discount, mailers must comply with the eligibility requirements of the program.

Mobile Shopping Promotion (July 1, 2016 ~~2017~~ to December 31, 2016 ~~2017~~)

Provide a two percent discount on the qualifying postage for Standard Mail letters and flats which include, inside or on the mailpiece, a mobile barcode or other qualifying technology inside or on the mailpiece that facilitates a mobile optimized shopping experience. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (March 1, 2016 to August 31, 2016 ~~February 1, 2017 to July 31, 2017~~)

Provide a two percent discount on the qualifying postage for Standard Mail letters and flats that incorporate scent, sound, visual, textural, dimensional, or other qualifying enhancements. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program.

Direct Mail Starter Promotion (May 1, 2017 to July 31, 2017)

Provide a five percent discount on the qualifying postage for Standard Mail letters and flats that contain print-mobile or other qualifying technology that leads the recipient to a mobile optimized website. To receive the discount, the qualifying mail must be sent during the established program period by mailers that comply with the eligibility requirements of the program. No more than 10,000 mailpieces per mailer may qualify for the discount during the promotion period.

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ATTACHMENT B

2017 PROMOTIONS CALENDAR

2017 Promotions Calendar

Building upon the success of previous Promotions Calendars, the Postal Service has developed a Promotions Calendar for Calendar Year (CY) 2017. The general purpose of the 2017 promotions is to encourage marketers, printers, and mailers to utilize new technology and tools that leverage and build upon the implicit value of a physical mailpiece. This in turn will drive response rates and the overall return on the mailer's investment in mail. By encouraging these technologies, the Postal Service expects to increase the value of direct mail and retain the volumes of transactional mail, thereby ensuring long-term product growth. The 2017 promotions range from three to six months in duration, the first of which begins as early as January 1, 2017. In order to maximize the timeframe for mailers to plan and prepare their mailings, the Postal Service Marketing team has shared its ideas on the proposed 2017 Promotions Calendar with the mailing community.

The Postal Service performed secondary research and held discussions with members of the mailing industry to understand which new technologies and print advancements are being integrated into mail campaigns. After evaluating numerous options, the Postal Service decided to focus the 2017 promotions on the following areas:

Emerging and Advanced Technology Promotion
Mobile Shopping Promotion
Tactile, Sensory & Interactive Mailpiece Engagement Promotion
Earned Value Reply Mail Promotion
Personalized Color Transpromo Promotion
Direct Mail Starter Promotion

Each promotion proposed for 2017 is described below.

Emerging and Advanced Technology Promotion

As mobile and other print technologies evolve, mail has the potential to offer greater value by engaging customers in new and exciting ways. In order to ensure that direct mail continues to be a relevant part of the marketing mix, the Postal Service is offering a promotion encouraging customers to incorporate technologies such as near field communication (NFC), "enhanced" augmented reality, beacon technology, and video in print (ViP). In addition to the technologies that qualify for the promotion in 2016, the Postal Service will introduce two new qualifying technologies in 2017: virtual reality, and technology that facilitates programmatic/retargeting marketing strategies.

Eligible Mail: First-Class Mail presort and automation letters, cards, and flats;
 Standard Mail letters and flats;

Nonprofit Standard Mail letters and flats

Discount: 2 percent off eligible mailpieces

Registration Period: January 15 – August 31, 2017

Promotion Period: March 1 – August 31, 2017

Mailpiece Requirements: To be eligible for the promotion, the mailpiece must

incorporate one of the following elements:

1. Interactive NFC technology. Examples include the ability to create calendar events; toggle on and off device features; or trigger messaging services, video, or other device features.
2. Beacon technology. Each mailpiece must either invite a user to experience beacon technology at the mailer's physical locations where beacon technology has been implemented, or must incorporate beacon stickers that can engage the recipient directly with their smart phone or when taken to a physical location with enabled beacons.
3. "Enhanced" augmented reality, which must include two or more of the following elements:
 - 2D/3D elements or modules
 - Animation
 - Interplay between the physical mailpiece and the digital world that actively uses the viewer's perspective
4. Virtual reality. Each mailpiece must provide a link to an immersive virtual reality experience, and can either provide a low-cost paper/cardboard version of a virtual reality viewing device, or may link users to specific virtual reality experiences from the mailpiece by leveraging the recipient's own viewing device (such as Oculus Rift, Google Cardboard, etc.).
5. ViP technology, which encompasses a range of technological and print solutions that leverage a physical printed mailpiece and incorporate video through at least one of the following means of implementation:
 - A physical mailpiece that incorporates a small, integrated LED, AMOLED, or LCD screen that can be triggered to autoplay associated video content
 - A physical mailpiece printed on semi-translucent paper stock, that when placed over a tablet or mobile device, plays video content visible through the paper that appears to bring the mailpiece "to life." These pieces may leverage tools such as Cineprint or similar technology to create or "play" the ViP experience.
 - A physical mailpiece that links the reader to an online interactive video experience where the user can interact with the video, and make selections throughout the experience to tailor the options and video content they receive and view. This category may also incorporate marketing automation and Customer Relationship Management software to automate the creation and preparation of additional mailpieces, product catalogs or other printed, mailable materials based upon user selection and inputs.

Simply linking to video content is not adequate to meet the criteria for ViP. The physical mailpieces must leverage Quick Response (QR) codes, augmented reality, or NFC as the trigger to link to the interactive video experience or Customer Relationship Management video system.

6. Programmatic/retargeting direct mail. These mailpieces are automatically generated based on a recipient's online activities. By leveraging cookies generated by a user's online actions, the mailer can apply variable data printing technology to produce mailpieces that provide the recipient with personalized offers for the products or services they have reviewed online. Mailpieces are generally produced within a day of the online actions in order to maximize impact and potential response. Use cases may also include retargeting mailings (i.e., mailings that target past visitors to the mailer's website) based on abandoned online shopping carts, and even additional outreach by mail based on e-mail "unsubscribe" requests.

Enrollment	Participants and/or Mail Service Providers (MSPs) must register on the Business Customer Gateway (BCG) via the Incentive Program Service (gateway.usps.com) <i>at least 2 hours prior to presenting the first qualifying mailing</i> . Electronic documentation (eDoc) enrollment using Mail.dat or Mail.XML enables MSPs who have registered for the promotion to enroll their clients in real-time when eDocs claiming the promotion are submitted.
Mailing Dates and Mail Preparation	Mail must be accepted during the promotion period March 1 – August 31, 2017. Plant-Verified Drop Shipment (PVDS) mailings that are verified and paid for during the promotion period and that qualify for the promotion, when presented with appropriate verification and payment documentation (PS Form 8125), can participate if accepted at destination entry postal facilities through September 15, 2017.
Postage Payment	Postage must be paid using a Permit Imprint or Precanceled Stamp Permit. Select meter permit mailings may qualify. Every Door Direct Mail (EDDM) deposited at a Business Mail Entry Unit may qualify, but EDDM Retail mailings taken to local Post Office retail units are ineligible to participate.
eDoc	Mailings must be submitted electronically via Postal Wizard, Mail.dat or Mail.XML. The eDoc must identify the mail owner and mail preparer in the By/For fields by Customer Registration Identification (CRID)
Commingled Mail	Commingled, combined, and co-mailed First-Class Mail and Standard Mail may qualify for the promotion only if all of the pieces commingled in the mailing meet program requirements, or the mailings include multiple clients (or versions) but have separate postage statements generated for the mailpieces that meet promotion requirements.
Pre-Verification & Mailpiece Samples	Mailers participating with Video in Print must submit a sample to the program office for pre-verification prior to mailing to ensure that program requirements are met. In addition, the mailer must provide a hard copy, unaddressed sample of the mailpiece that demonstrates the advertising content to the acceptance clerk. If a mailing agent submits mailings from multiple mailers, it must present a hard copy sample of each mailer's mailpiece.

Mobile Shopping Promotion

This promotion is aimed at businesses that offer products for sale online, especially during the 2017 holiday shopping season. As mobile technology continues to change the landscape of consumer interaction, mail has the potential to serve as an invaluable conduit between the mobile platform and shopping experience. The 2017 Mobile Shopping Promotion encourages mailers to integrate mobile technology with direct mail to create a convenient method for consumers to do their online shopping. Using technology platforms such as QR Codes, Snap Tags, Watermarks, and other advanced technologies to launch consumers into online shopping experiences is a great combination of the power of print solutions and web based shopping portals. In addition to these enhancements, the 2017 Mobile Shopping Promotion will continue to incorporate a social media component. Most of the major social media platforms have introduced new “Buy Now” features that enable the user to make an immediate purchase of a featured item directly within the social media platform. Pinterest, Instagram, Facebook, Twitter, YouTube, Tumblr, and even Google have all implemented “Buy Now” capabilities. As advertisers devote additional resources and advertising budget to Social Media, direct mail provides an excellent launching point to connect recipients with content they follow, as well as an immediate purchase path through their mobile device.

Eligible Mail: Standard Mail letters and flats;
Nonprofit Standard Mail letters and flats

Discount: 2 percent off eligible mailpieces

Registration Period: June 15 – December 31, 2017

Promotion Period: August 1 – December 31, 2017

Mailpiece Requirements:

All qualifying mail must contain a barcode or other technology that allows the user to engage in an electronic shopping experience. Qualifying technologies include open-sourced barcodes (such as a QR Code or Datamatrix code), a proprietary barcode or tag (such as SnapTags or MS Tags), an image embedded with a digital watermark, NFC, and intelligent print image recognition (including an augmented reality experience). It may also include newer barcode features such as animated, visual, dotless, or voice QR codes with analytic features.

The print/mobile technology must lead to either a mobile optimized shopping site or a social media web page (such as Pinterest, Instagram, Facebook, Twitter, YouTube or Tumblr) with a click to shop feature. The recipient must be able to make a purchase from the webpage or website.

Enrollment	Participants and/or MSPs must register on the BCG via the Incentive Program Service (gateway.usps.com) <i>at least 2 hours prior to presenting the first qualifying mailing.</i> eDoc enrollment using Mail.dat or Mail.XML enables MSPs who have registered for the promotion to enroll their clients in real-time when eDocs claiming the promotion are submitted.
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Mailing Date and Mail Preparation	Mail must be accepted during the promotion period, August 1 – December 31, 2017. PVDS mailings that are verified and paid for during the promotion period and that qualify for the promotion, will be accepted at destination entry postal facilities through January 15, 2017, when presented with appropriate verification and payment documentation (PS Form 8125)
Postage Payment	Postage must be paid using a Permit Imprint or Precanceled Stamp Permit. Select meter permit mailings may qualify. EDDM deposited at a Business Mail Entry Unit may qualify, but EDDM Retail mailings taken to local Post Office retail units are ineligible to participate.
eDoc	Mailings must be submitted electronically via Postal Wizard, Mail.dat or Mail.XML. The eDoc must identify the mail owner and mail preparer in the By/For fields by CRID.
Commingled Mail	Commingled, combined and co-mailed Standard Mail may qualify for the promotion only if all of the pieces commingled in the mailing meet program requirements or the mailings include multiple clients (or versions) but have separate postage statements generated for the mailpieces that meet the promotion requirements.
Pre-Verification & Mailpiece Samples	Mailers participating with the Social Media shopping feature must submit a sample to the program office for pre-verification prior to mailing to ensure that program requirements are met. In addition the mailer must provide a hard copy, unaddressed sample of the mailpiece that demonstrates the advertising content to the acceptance clerk. If a mailing agent submits mailings from multiple mailers, it must present a hard copy sample of each mailer's mailpiece.

Tactile, Sensory & Interactive Mailpiece Engagement Promotion

In recent years, the print industry has developed innovations in papers/stocks, substrates, finishing techniques and inks. New print elements can be incorporated in a mail campaign to create a multi-sensory experience through special visual effects, sound, scent, texture/tactile treatments, and even taste. In addition, interactive mailpiece features (such as pop-ups, infinite folds, or other dimensional treatments) can help drive customer engagement. Neuroscience and neuromarketing research suggests that marketing materials that create tactile experiences and/or engage other senses lead to potentially significant impacts on brand recognition and message recall. By leveraging advances in print and finishing technology, marketers and mailers can enhance the way consumers interact with mail to improve customer engagement and drive response rates.

Eligible Mail: Standard Mail letters and flats;
Nonprofit Standard Mail letters and flats

Discount: 2 percent off eligible mailpieces

Registration Period: December 15, 2016 – July 31, 2017

Promotion Period: February 1 – July 31, 2017

Mailpiece Requirements: The mailpiece must contain at least one element from one of the three following categories:

1. Specialty inks, which include but are not limited to: conductive inks, leuco dyes/thermochromic, photochromics, optically variable ink, metallic ink, piezochromatic ink, and hydrochromic ink.
2. Specialty papers that make use of at least one of the following features (use of these features must be connected to the marketing message of the mailpiece):
 - Scent: paper infused with scent, or microencapsulated
 - Sound: paper that incorporates sound chip/speakers
 - Taste: paper that incorporates edible components
 - Visual: paper that incorporates special effects (e.g., filters, holographic effects, lenticular effects)
 - Textural: paper that incorporates textural treatments such as sandpaper, soft/velvet touch, and “spot” UV gloss finishes. The following applications do not qualify:
 - full gloss coverings
 - scratch-off features
 - borders
 - reveals
 - die-cuts
 - detachables
 - zip-strip opening mechanisms for envelopes
3. Interactive mailpieces that make use of dynamic folds that the user can twist, spin, dial or bend, and other dimensional enhancements (such as three-dimensional features and pop-ups).

Enrollment	Participants and/or MSPs must register on the BCG via the Incentive Program Service (gateway.usps.com) <i>at least 2 hours prior to presenting the first qualifying mailing.</i> eDoc enrollment using Mail.dat or Mail.XML enables MSPs who have registered for the promotion to enroll their clients in real-time when eDocs claiming the promotion are submitted.
Mailing Date and Mail Preparation	Mail must be accepted during the promotion period, February 1 – July 31, 2017. PVDS mailings that are verified and paid for during the promotion period and that qualify for the promotion will be accepted at destination entry postal facilities through September 15, 2017, when presented with appropriate verification and payment documentation (PS Form 8125)
Postage Payment	Postage must be paid using a Permit Imprint or Precanceled Stamp Permit. Select meter permit mailings may qualify. Every Door Direct

	Mail (EDDM) deposited at a Business Mail Entry Unit may qualify, but EDDM Retail mailings taken to local Post Office retail units are ineligible to participate.
eDoc	Mailings must be submitted electronically via Postal Wizard, Mail.dat or Mail.XML. The eDoc must identify the mail owner and mail preparer in the By/For fields by Customer Registration ID (CRID)
Commingled Mail	Commingled, combined and co-mailed Standard Mail may only qualify for the promotion if all of the pieces commingled in the mailing meet program requirements, or the mailings include multiple clients (or versions) but have separate postage statements generated for the mailpieces that meet promotion requirements.
Pre-Verification & Mailpiece Samples	Mailers must submit a sample to the program office for pre-verification prior to mailing to ensure that program requirements are met. In addition, the mailer must provide a hard copy, unaddressed sample of the mailpiece that demonstrates the advertising content to the acceptance clerk. If a mailing agent submits mailings from multiple mailers, it must present a hard copy sample of each mailer's mailpiece.

Earned Value Reply Mail Promotion

The 2017 Earned Value Reply Mail Promotion will build on the success of prior years and is intended to help slow the decline of First-Class Mail including Business Reply Mail (BRM) and Courtesy Reply Mail (CRM) pieces. New in 2017, mailers may also earn credits for their use of Alternate Postage.

As technology continues to disrupt mail volume, the Postal Service would like to encourage mailers to continue distributing BRM, CRM, and Alternate Postage pieces. Mailers who register their Mailer ID (MID) information and use eligible Intelligent Mail barcodes on their BRM, CRM, and Alternate Postage pieces may receive a postage credit for each mailpiece that is placed in the mailstream by the recipient and scanned during the promotion period.

Based on the success of the Earned Value Reply Mail Promotion in prior years, it will be extended for an additional three months in 2017, from January 1, 2017 through June 30, 2017 (for details, see "Credit Amount" below). At the end of the promotion, the BRM, CRM, and Alternate Postage pieces will be totaled and the earned postage credit applied to the customer permit accounts. The mailer can apply the credit towards future mailings of First-Class Mail presort and automation cards, letters, and flats and Standard Mail letters and flats. The Earned Value Reply Mail credit will expire on December 31, 2017.

Eligible Mail: BRM, CRM, and Alternate Postage

Credit Amount: \$0.05 per BRM, CRM, or Alternate Postage piece counted

Registration Period: November 15 – December 31, 2016

Promotion Period: January 1 – June 30, 2017

Credit Expiration	December 31, 2017
Acceptance Period for Credits:	Credits will be released when the mailer agrees to their volumes, after the promotion ends. Agreement on volumes must be reached by September 15, 2017; otherwise the credits will be forfeited
Credit Calculation/Application	At the end of the promotion, the applicable credit amount will be multiplied by the total BRM, CRM, and Alternate Postage pieces counted, for each enrolled MID. Once the mailer accepts their credits in the BCG, they will be applied to the Permit accounts.
Tracking	The Intelligent Mail Visibility (IM-VIS) system will send scan data to the Alternate Postage system. All mailpiece counts for BRM, CRM, and Alternate Postage pieces containing the registered MID(s) that customers return to the registered mailer will be collected.
Enrollment	Mailers must register their permits and MIDs and the Permit Imprint account to which future earned credits will be applied on the BCG to participate.
Mailpiece Requirements	BRM, CRM, and Alternate Postage mailpieces must contain an IMb with the MID encoded to qualify. Postcard and letter-size BRM must be barcoded with a valid and properly used ZIP+4 code on the mailpiece, and the same ZIP+4 code must be encoded within the IMb. The IMb on all BRM, CRM, and Alternate Postage pieces must contain the barcode ID, service type ID, and correct ZIP+4 routing code. Permit holders must use the ZIP+4 codes and the IMb assigned by the Postal Service. BRM, CRM, and Alternate Postage pieces that are placed in the mailstream by the recipient must have a valid IMb with a registered MID.

Personalized Color Transpromo Promotion

The Postal Service is continuing the Personalized Color Transpromo Promotion in 2017 in order to increase the value of First-Class Mail, and encourage mailers to invest in color print technology. This promotion will provide an upfront postage discount to mailers who use dynamic/variable color print for personalized transpromotional marketing messages on their bills and statements. For companies/mail owners who have participated in this promotion in prior years, the mailer will be required to incorporate both dynamically printed color and personalized messaging in the mailpieces. In order to encourage more mailers to begin using this technology, companies who have not participated in the Personalized Color Transpromo Promotion in previous years need only satisfy the dynamic color printing requirement.

Eligible Mail: First-Class Mail presort and automation letters (excludes all FCM single-piece-priced mail)

Discount: 2 percent off eligible mailpieces

Registration Period: May 15 – December 31, 2017

Promotion Period: July 1 – December 31, 2017

Mailpiece Content Restriction: Bills and statements only

Enrollment	Participants and/or MSPs must register on the BCG via the Incentive Program Service (gateway.usps.com) <i>at least 2 hours prior to presenting the first qualifying mailing.</i> eDoc enrollment using Mail.dat or Mail.XML enables MSPs who have registered for the promotion to enroll their clients in real-time when eDocs claiming the promotion are submitted.
Mail Preparation	Letters must be prepared according to First-Class Mail standards
Mailing Date	Mail must be accepted during the promotion period, July 1, 2017 - December 31, 2017
Postage Payment	Permit Imprint, Precanceled Stamp Permit and some Meter Mailings
eDoc	Mailings must be submitted electronically via Postal Wizard, Mail.dat or Mail.XML. The eDoc must identify the mail owner and mail preparer in the By/For fields by CRID.
Commingled Mail	Commingled, combined and co-mailed First-Class Mail may qualify for the promotion only if all of the pieces commingled in the mailing meet program requirements, or the mailings include multiple clients (or versions) but have separate postage statements generated for the mailpieces that meet promotion requirements.
Verification & Mailpiece Samples	<p>The mailer must provide a hard copy, unaddressed full sample of the mailpiece showing the placement of the personalized full color transpromotional message that was dynamically printed to the Business Mail Entry Unit/acceptance clerk. If a mailing agent submits promotional mailings from multiple mailers, a hard copy sample of each mailer's mailpiece must be presented. Addressed samples will not be accepted, If pieces are variably printed, one sample that is comparable to the mailing may be presented.</p> <p>In limited circumstances mailers using the same messaging with limited variations throughout the promotion period may contact the program office for an alternate process for mailpiece sampling. These mailers must be able to send the Program Office samples of the pre-print/input sheet as well as samples of the dynamic print versions. Samples must be submitted at least three weeks in advance of the initial mailing. In addition, a list of all BMEUs that will be used for mail entry throughout the promotion must be provided to the Program Office.</p>

Direct Mail Starter Promotion

The Postal Service has received feedback from mail service providers that the cost and complexity of participating in Postal Service promotions is too high for many smaller, less sophisticated business mailers. Through its market research the Postal Service

has found that one reason small businesses do not use mail to advertise is because they believe it is difficult to design an effective campaign and they have difficulty measuring the results. In an effort to retain the volumes of current small business mailers and attract new mailers, the Postal Service is introducing a temporary postage discount on mailpieces that contain print-mobile technology (such as a QR Code), that when scanned, leads the recipient to a mobile-optimized website. The mailpiece must also contain directional copy instructing the recipient on how to scan the barcode, and a printed Uniform Resource Locator (i.e., URL address).

Eligible Mail: Standard Mail letters and flats;

Nonprofit Standard Mail letters and flats

Discount: 5 percent off eligible mailpieces, up to 10,000 pieces per mailer (the piece limitation is applied at the mail owner level by customer ID)

Registration Period: March 15, 2017 – July 31, 2017

Promotion Period: May 1, 2017 – July 31, 2017

Mailpiece Requirements The mailpiece must contain a mobile-print technology (such as a QR Code) that when scanned leads the mailpiece recipient to a mobile-optimized website. The mailpiece must also contain directional copy that explains how to scan the barcode, as well as a printed Uniform Resource Locator (URL) address.

Enrollment	Participants and/or MSPs must register on the BCG via the Incentive Program Service (gateway.usps.com) <i>at least 2 hours prior to presenting the first qualifying mailing.</i> eDoc enrollment using Mail.dat or Mail.XML enables MSPs who have registered for the promotion to enroll their clients in real-time when eDocs claiming the promotion are submitted.
Mailing Date and Mail Preparation	Mail must be accepted during the promotion period, May 1, 2017 – July 31, 2017. PVDS mailings that are verified and paid for during the promotion period and that qualify for the promotion will be accepted at destination entry postal facilities through August 15, 2017, when presented with appropriate verification and payment documentation (PS Form 8125).
Postage Payment	Postage must be paid using a Permit Imprint or Precanceled Stamp Permit. Select meter permit mailings may qualify. Every Door Direct Mail (EDDM) deposited at a BMEU may qualify, but EDDM Retail mailings taken to local Post Office retail units are ineligible to participate.
eDoc	Mailings must be submitted electronically via Postal Wizard, Mail.dat or Mail.XML. The eDoc must identify the mail owner and mail preparer in the By/For fields by Customer Registration ID (CRID).
Commingled Mail	Commingled, combined and co-mailed Standard Mail may only qualify for the promotion if all of the pieces commingled in the mailing meet program requirements, or the mailings include multiple clients (or versions) but have separate postage statements generated for the mailpieces that meet promotion requirements.
Mailpiece	The mailer must provide a hard copy, unaddressed sample of the

Samples	mailpiece that demonstrates the advertising content to the BMEU acceptance clerk at the time of mailing. If a mailing agent submits mailings from multiple mailers, it must present a hard copy sample of each mailer's mailpiece.
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ATTACHMENT C: PRICE CAP CALCULATION

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

	CPI ^[1]	Last 12 Months Point-to-Point ^[2]	12-Month Total ^[3]	12-Month Total Divided by 12 ^[4]	Base Average ^[5]	12-Month Moving Average ^[6]	Rule 3010.22.b Adjustment ^[7]
Jul-13	233.596	2.0%	2780.7	231.727	227.830	1.710%	
Aug-13	233.877	1.5%	2784.2	232.018	228.149	1.696%	
Sep-13	234.149	1.2%	2787.0	232.247	228.526	1.628%	
Oct-13	233.546	1.0%	2789.2	232.432	228.934	1.528%	
Nov-13	233.069	1.2%	2792.0	232.670	229.267	1.484%	
Dec-13	233.049	1.5%	2795.5	232.957	229.594	1.465%	
Jan-14	233.916	1.6%	2799.1	233.260	229.895	1.464%	
Feb-14	234.781	1.1%	2801.7	233.478	230.270	1.393%	
Mar-14	236.293	1.5%	2805.3	233.771	230.552	1.396%	
Apr-14	237.072	2.0%	2809.8	234.150	230.756	1.471%	
May-14	237.900	2.1%	2814.8	234.563	231.017	1.535%	
Jun-14	238.343	2.1%	2819.6	234.966	231.352	1.562%	
Jul-14	238.250	2.0%	2824.2	235.354	231.727	1.565%	
Aug-14	237.852	1.7%	2828.2	235.685	232.018	1.580%	
Sep-14	238.031	1.7%	2832.1	236.009	232.247	1.620%	
Oct-14	237.433	1.7%	2836.0	236.332	232.432	1.678%	
Nov-14	236.151	1.3%	2839.1	236.589	232.670	1.685%	
Dec-14	234.812	0.8%	2840.8	236.736	232.957	1.622%	
Jan-15	233.707	-0.1%	2840.6	236.719	233.260	1.483%	
Feb-15	234.722	0.0%	2840.6	236.714	233.478	1.386%	
Mar-15	236.119	-0.1%	2840.4	236.699	233.771	1.253%	
Apr-15	236.599	-0.2%	2839.9	236.660	234.150	1.072%	
May-15	237.805	0.0%	2839.8	236.652	234.563	0.891%	
Jun-15	238.638	0.1%	2840.1	236.677	234.966	0.728%	
Jul-15	238.654	0.2%	2840.5	236.710	235.354	0.576%	
Aug-15	238.316	0.2%	2841.0	236.749	235.685	0.451%	
Sep-15	237.945	0.0%	2840.9	236.742	236.009	0.311%	
Oct-15	237.838	0.2%	2841.3	236.776	236.332	0.187%	0.014%
Nov-15	237.336	0.5%	2842.5	236.874	236.589	0.120%	0.056%
Dec-15	236.525	0.7%	2844.2	237.017	236.736	0.119%	0.116%
Jan-16	236.916	1.4%	2847.4	237.284	236.719	0.239%	0.229%
Feb-16	237.111	1.0%	2849.8	237.484	236.714	0.325%	0.313%
Mar-16	238.132	0.9%	2851.8	237.651	236.699	0.402%	0.384%

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

[2] Difference between the current month CPI [column C] and CPI for the same month, previous year, divided by CPI for same month, previous year

[3] Sum of the most recent 12 months' CPI measurements in column C

[4] Recent Average: column E divided by 12

[5] Base Average: The average CPI-U index for the 12 months immediately prior to the Recent Average. Only necessary to the cap calculation when 12 or more months have passed since the last notice of rate adjustment.

[6] 12-Month Moving Average: Recent Average divided by Base Average. Subtract one from quotient.

[7] Partial Year Limitation: Rule 3010.22 requires an adjustment to the 12-Month Moving Average whenever fewer than 12 months have passed since the most recent notice of rate adjustment. The adjustment calculates the unused rate authority by dividing the Recent Average in the current month (column F, cell F66) by the Recent Average utilized in the previous rate adjustment (column F, cell F60), and subtracting one from the quotient.

This results in a Partial Year Limitation of 0.384 percent.