

**DIRECT TESTIMONY**

**OF**

**JAMES F. CALLOW**

**ON BEHALF OF**

**THE OFFICE OF CONSUMER ADVOCATE**

**September 6, 2006 (FINAL REVISED)**

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DIRECT TESTIMONY  
OF  
JAMES F. CALLOW

1 I. STATEMENT OF QUALIFICATIONS

2 My name is James F. Callow. I am a Postal Rate and Classification Specialist. I  
3 have been employed in the Office of Consumer Advocate (OCA) since February 1995.

4 I have testified before the Commission in Docket Nos. MC2002-2, R2000-1,  
5 MC98-1, R97-1, MC96-3, and MC95-1. My testimony in Docket No. MC2002-2  
6 proposed, as alternatives to the principal features of the Capital One Negotiated  
7 Service Agreement, two new experimental mail classifications whereby First-Class  
8 mailers that improved their address databases would receive free electronic address  
9 correction notices, and access to declining block rates.

10 In Docket No. R2000-1, I examined three issues related to First-Class Mail. I  
11 proposed that the rate for single-piece letters be maintained at 33 cents in order to  
12 mitigate the growing institutional cost burden on First-Class Letter Mail. Second, I  
13 proposed a new approach for setting the single-piece First-Class rate that would  
14 provide a longer period of rate stability for household mailers, while permitting smaller,  
15 more predictable rate adjustments desired by business mailers. Finally, I proposed  
16 elimination of the nonstandard surcharge for First-Class "low aspect ratio" (e.g., square  
17 or nearly square) letter mail. I also testified on rebuttal in Docket No. R2000-1. That  
18 testimony addressed the proper methodology for forecasting the number of additional  
19 ounces per piece for single-piece First-Class Letter Mail in the test year.

20 My testimony in Docket No. MC98-1 proposed a computer-implemented postage  
21 pricing formula for Mailing Online as an alternative to the single average discount rate,

1 Automation Basic (within class and shape), proposed by the Postal Service for all  
2 mailings using Mailing Online. In Docket No. R97-1, I proposed a restructuring of post  
3 office box fee groups to better reflect costs of providing box service in high and low cost  
4 post offices. My testimony in Docket No. MC96-3 opposed the Postal Service's non-  
5 resident surcharge on post office boxholders, and proposed alternative box fees  
6 designed to equalize inter-group cost coverage and reduce the disparity in cost  
7 coverage by box size. In Docket No. MC95-1, I summarized the comments of persons  
8 expressing views to the Commission and the Office of Consumer Advocate on postal  
9 rates and services.

10 Prior to joining the OCA, I was a special assistant to H. Edward Quick,  
11 Commissioner of the Postal Rate Commission. In that capacity, I advised the  
12 Commissioner in Docket Nos. R94-1, MC93-2 and MC93-1. I was previously employed  
13 by the State of Michigan in Washington, and served on the staff of a Senator and a  
14 Member of Congress from Michigan.

15 I am an accountant by training. In 1985, I earned an MS degree in accounting  
16 from Georgetown University. My course work included cost accounting and auditing. In  
17 1977, I obtained my BA degree from the University of Michigan-Dearborn with a double  
18 major in political science and history and a minor in economics

## 1 II. PURPOSE AND SCOPE

2 The purpose of my testimony is twofold. First, I propose an alternative set of  
3 fees for Confirm service. In order to cover the attributable costs of Confirm service and  
4 make a reasonable contribution to institutional costs, I propose to retain the existing  
5 structure of fees and simply adjust current fees, in contrast to the Postal Service, which  
6 proposes a fundamental restructuring of the existing fee schedule. My proposed fees  
7 produce a cost coverage of 127.3 percent that is consistent with the Postal Service's  
8 proposal while preserving the benefits of the existing "subscription-based" fee  
9 schedule—that of encouraging the expanded use of Confirm service for use in  
10 promoting service performance measurement. OCA-T-5, Attachment 1 (Revised 10-20-  
11 06), filed concurrently with this testimony, presents the development of my proposed  
12 fees for Confirm service.<sup>1</sup>

13 Second, I propose retention of the current requirement that mailers provide an  
14 electronic "preshipment" notification for every outgoing Confirm mailing. Retaining this  
15 requirement, which serves to "start the clock" for the Confirm mailings, is essential to  
16 developing transparent, system-wide service performance measurement for business  
17 mail. The Postal Service's proposal to delete this requirement from section 991.31 of  
18 the Domestic Mail Classification Schedule should be rejected by the Commission.

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<sup>1</sup> OCA-T-5, Attachment 1 (Revised 10-20-06), Excel file "OCA-T-5\_Att1-Confirm (REV10-20-06).xls."

1 III. THE POSTAL SERVICE PROPOSES A FUNDAMENTAL RESTRUCTURING  
2 OF THE EXISTING FEE SCHEDULE FOR CONFIRM SERVICE THAT WILL  
3 INCREASE COSTS FOR, AND REDUCE USAGE BY, CONFIRM  
4 SUBSCRIBERS

5 In this proceeding, the Postal Service proposes a fundamental restructuring of  
6 the schedule of fees for Confirm—a special service that provides mailers with near real-  
7 time tracking information on outgoing and incoming automation-compatible mailpieces  
8 entered as First-Class Mail, Standard Mail, or Periodicals.<sup>2</sup> The testimony of Postal  
9 Service witness Drew Mitchum (USPS-T-40) presents the proposed fees and changes  
10 to the mail classification schedule for Confirm service.

11 The Postal Service maintains that restructuring of the existing fee schedule is  
12 “intended to generate revenue adequate to cover Confirm costs . . . [so that] the Postal  
13 Service can continue offering Confirm Service.”<sup>3</sup> In this regard, the proposed fee  
14 schedule produces a cost coverage of 126.3 percent.<sup>4</sup>

15 Restructuring of the existing fee schedule is unnecessary to cover the costs of  
16 Confirm service. The Postal Service’s goal of covering Confirm service costs can be  
17 achieved better by simply adjusting current fees. Moreover, restructuring fees as  
18 proposed represents a significant departure from the original subscription-based pricing  
19 approach presented by the Postal Service and recommended by the Commission in  
20 Docket No. MC2002-1. As a result, the Postal Service’s plans to restructure the  
21 existing fee schedule will discourage usage by imposing significantly higher fees on

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<sup>2</sup> See U.S. Postal Service, *Confirm Users Guide*, Publication 197 (September 2004), at 1.

<sup>3</sup> Tr. 14/3937 (OCA/USPS-T40-16).

<sup>4</sup> USPS-T-40 (Mitchum), at 19.

1 most Confirm subscribers, and further diminish Confirm service as a tool for measuring  
2 service performance by business mailers and the Postal Service.

3 A. The Existing Subscription-Based Fee Schedule is Eliminated in Favor of  
4 Transaction-Based Fees to Generate Revenues

5 To generate sufficient revenues to cover Confirm service costs, the Postal  
6 Service abandons its current subscription-based fee schedule and relies to a greater  
7 extent on transaction-based fees. Accordingly, the Postal Service proposes to  
8 eliminate the three subscription-based service levels for Confirm service. Silver, Gold,  
9 and Platinum subscriptions would be replaced with a single annual user fee of \$5,000,  
10 which includes 1 million “units.”<sup>5</sup>

11 The Postal Service also proposes to replace the existing block purchase of  
12 additional scans with a transaction-based user fee based upon “units.” As proposed,  
13 additional “units” may be purchased in blocks of 1 million according to a schedule of  
14 fees that decrease as the number of blocks purchased increase beyond certain  
15 specified minimum quantities or thresholds. This “declining block user fee” allows users  
16 to purchase additional blocks one through nine for a fee of \$70 each. Purchases of the  
17 next 90 blocks (i.e., 10 to 99 blocks) are available for a fee of \$35 each. Users  
18 intending to purchase in excess of 99 blocks during the annual subscription period can  
19 do so for a fee of \$17.50 each.<sup>6</sup> The Postal Service also proposes fees of \$2,000 and  
20 \$750 for annual and quarterly Additional Identification (ID) Codes, respectively.

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<sup>5</sup> USPS-T-40 (Mitchum), at 17.

<sup>6</sup> Id.

1           In addition, for the first time with respect to Confirm service, the pricing of  
2 additional blocks is to be based on “units” rather than scans—the basis for pricing  
3 additional blocks under the existing fee schedule. For First-Class Mail, each scan will  
4 equal one unit, while each Standard Mail and Periodicals scan will be set at 5 units.<sup>7</sup>

5           The Postal Service’s proposed fees generate Test Year (FY 2008) revenues of  
6 \$1,517,297.<sup>8</sup> Confirm service costs, both attributable and institutional, are estimated at  
7 \$1,189,000.<sup>9</sup> Including a contingency of 1 percent, total Confirm service costs are  
8 \$1,200,890.<sup>10</sup> The resulting cost coverage in the test year is 126.3 percent.<sup>11</sup>

9           Table 1 presents the Postal Service’s proposed fees for Confirm service

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<sup>7</sup> Id.

<sup>8</sup> USPS-LR-L-124 (REV 7-3-06), Excel file “REV-USPS-LR-124 7-3-06.xls,” worksheet tab “WP-4 Confirm.”

<sup>9</sup> USPS-LR-L-59, Attachment 17, page 1 of 1.

<sup>10</sup> USPS-T-40 (Mitchum), at 19.

<sup>11</sup> Id.

Table 1  
 CONFIRM SERVICE  
 USPS Proposed Fees

Annual User Fee	\$5,000
Additional Block User Fee (per 1 million "units")	
Blocks 1 - 9	\$70.00
Blocks 10 - 99	\$35.00
Blocks 100 +	\$17.50
Additional ID Code Fees	
Annual	\$2,000
Quarterly	\$750
Units per Scan	
First-Class Mail	1
Other Mail Classes	5

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B. Restructuring the Existing Subscription-Based Fee Schedule Will Adversely Affect Confirm Subscribers and Reduce Usage

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The Postal Service’s combined annual user fee plus declining block user fees will reduce the use of Confirm service by subscribers in response to costs that rise with usage. Current Silver subscribers, depending upon the number of quarterly subscriptions purchased during the year and use of First-Class Mail scans, will experience fee changes ranging from -14 to 190 percent.<sup>12</sup> Silver subscribers that purchased one, two, or three quarterly subscriptions will pay between 6 and 190 percent more than currently as combined total fees (i.e., the annual user fee plus declining block user fees) rise with usage.<sup>13</sup> Only Silver subscribers that purchased

<sup>12</sup> OCA-T-5, Attachment 1 (Revised 10-20-06). As discussed below, the effective cost per scan for Standard Mail or Periodicals scans is five-times higher as compared to First-Class Mail scans.

<sup>13</sup> Id.

1 four sequential quarterly subscriptions will experience a decrease in combined total  
2 fees of between -8 and -14 percent under the Postal Service's proposal.<sup>14</sup> In addition,  
3 current Gold subscribers using First-Class Mail scans will pay higher combined total  
4 fees that rise 11 to 56 percent with usage under the Postal Service's proposal.<sup>15</sup>

5 For Platinum subscribers using only First-Class Mail scans, combined total fees  
6 increase from -50 percent for 1 million scans, to 102 percent for 750 million scans, up to  
7 145 percent for 1 billion scans.<sup>16</sup> For Platinum subscribers purchasing the average  
8 number of First-Class Mail and Standard Mail scans per block of 1 million units, the  
9 increase in combined total fees is even greater.<sup>17</sup> Combined total fee increases range  
10 from -52 percent for 1 million scans, to 0 percent for 60 million scans, to 338 percent for  
11 750 million scans, up to 460 percent for 1 billion scans.<sup>18</sup>

12 The only way for Platinum subscribers to avoid such rising fees is to limit usage.  
13 According to the Postal Service, "[a]ny [Platinum] subscriber[s] who chose to use fewer  
14 than 169,000,000 units would pay less under the proposed fee schedule."<sup>19</sup> (Emphasis

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<sup>14</sup> Id. Information on the number of mailers that purchased one, two, three or four quarterly Silver subscriptions during Fiscal Years 2003, 2004, and 2005 is not available from the Postal Service. Tr. 14/3975 (OCA/USPS-T40-56(a)).

<sup>15</sup> OCA-T-5, Attachment 1 (Revised 10-20-06). The Postal Service claims that the maximum number of scans used by any current subscriber is near 750 million. Tr. 14/4144.

<sup>16</sup> OCA-T-5, Attachment 1 (Revised 10-20-06).

<sup>17</sup> Tr. 14/3957 (OCA/USPS-T40-29).

<sup>18</sup> OCA-T-5, Attachment 1 (Revised 10-20-06).

<sup>19</sup> Tr. 14/3976 (OCA/USPS-T40-57). The Postal Service estimates that a user could purchase 168 additional blocks and still spend less than the current \$10,000 Platinum subscription fee, calculated as follows: the \$5,000 annual user fee plus \$4,987.50 ((9 \* \$70) + (90 \* \$35) + (69 \* \$17.50)) in declining block user fees. See also OCA-T-5, Attachment 1 (Revised 10-20-06).

1 added). Based upon current usage, sixteen Platinum subscribers will pay combined  
2 total fees higher than the \$10,000 subscription fee.<sup>20</sup> However, all Platinum subscribers  
3 lose the option of unlimited scans—a current feature of the existing Platinum  
4 subscription service.

5 More significantly, by varying the number of scans acquired per “unit,” costs will  
6 be significantly higher for all Confirm subscribers that use scans of Standard Mail and  
7 Periodicals, further depressing demand. As described previously, the pricing of  
8 additional blocks is to be based on “units, with each First-Class Mail scan equal to one  
9 unit, and each Standard Mail scan equal to 5 units. While the nominal price (i.e., \$70,  
10 \$35, or \$17.50) per additional block of 1 million units will be the same for all users, the  
11 cost per scan for Standard Mail and Periodicals will be five-times higher as compared to  
12 First-Class Mail.<sup>21</sup> For example, users purchasing five additional blocks of 1 million  
13 units from the 1<sup>st</sup> to 9<sup>th</sup> block will pay \$350 (five additional blocks at \$70 per block) for  
14 5,000,000 First-Class Mail scans, at a per scan cost of \$0.00007. By contrast, users  
15 purchasing five additional blocks of 1 million units from the 1<sup>st</sup> to 9<sup>th</sup> block will pay \$350  
16 for 1,000,000 Standard Mail scans, at a per scan cost of \$0.00035.<sup>22</sup>

17 The Postal Service provides no basis for its plan to effectively charge different  
18 prices for scan data based upon the class of mail. Such differential pricing of scans is

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<sup>20</sup> Id.

<sup>21</sup> This form of unit pricing is similar to that commonly found at amusement parks, where tickets for rides are all set at one price, say 25 cents, and tickets are purchased in blocks of \$10 or \$20. A different number of tickets is required for each ride—1 ticket for a merry-go-round, and 5 tickets for the sky rocket. In that case, it is apparent that prices vary because of the cost of the ride and the popularity.

<sup>22</sup> Tr. 14/3934 (OCA/USPS-T40-14(a)-(d)).

1 arbitrary and not based upon cost. The cost per passive scan to the Postal Service of a  
2 barcoded mailpiece of First-Class Mail or Standard Mail is the same.<sup>23</sup>

3 Overall, the Postal Service's proposed fees will adversely affect demand for  
4 Confirm service. The Postal Service's higher combined total fees are expected to  
5 reduce the number of mailings with PLANET Code barcodes, or cause users to begin  
6 seeding their mailings with PLANET Codes.<sup>24</sup> In this regard, the Postal Service  
7 estimates a decrease in demand of 10 percent from current usage.<sup>25</sup>

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<sup>23</sup> Tr. 14/3958 (OCA/USPS-T40-30(b)).

<sup>24</sup> Tr. 14/4173 and 4164. Subscribers use PLANET Code barcodes to generate scan data from their mailings. Such barcodes contain mailer-embedded information that generates data records when scanned on certain automated mail processing equipment. The resulting data records are provided to the mailer electronically. U.S. Postal Service, *Confirm Users Guide*, Publication 197 (September 2004), at 2.

<sup>25</sup> Tr. 14/4132 (Response of Postal Service Witness Mitchum to POIR No. 4, Question 3)

1 IV. STRUCTURING THE FEE SCHEDULE TO RELY ON TRANSACTION-BASED  
2 FEES WAS PREVIOUSLY REJECTED BY THE POSTAL SERVICE BECAUSE  
3 IT WOULD DISCOURAGE EXPANDED USAGE OF CONFIRM SERVICE

4 Postal Service changes in the schedule of fees for Confirm service represent a  
5 significant departure from the subscription-based pricing approach proposed by the  
6 Postal Service in Docket No. MC2002-1, which established Confirm service as a  
7 permanent mail classification.<sup>26</sup> In that proceeding, the Postal Service presented a  
8 sound rationale for pricing Confirm service based primarily upon subscription fees  
9 rather than transaction-based fees. That rationale, to encourage Confirm usage,  
10 remains as valid today as when it was presented in Docket No. MC2002-1.

11 A. The Existing Subscription-Based Fee Schedule Was Designed to  
12 Promote Expanded Usage of Confirm Service to Facilitate Service  
13 Performance Measurement

14 In Docket No. MC2002-1, Postal Service witness Kiefer (USPS-T-5) articulated  
15 the original rationale for proposing a subscription-based fee structure. According to  
16 witness Kiefer, widespread usage of Confirm service offered the “greatest benefits” to  
17 the Postal Service by providing a “novel view of its operations that may lead to  
18 important performance measurement benefits.”<sup>27</sup>

19 Under the three-tier subscription-based fee structure, subscribers pay a fixed fee  
20 for a specified period of time and level of service—either Silver, Gold, or Platinum.  
21 Subscribers pay no additional transaction or other fee for the use of Confirm service

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<sup>26</sup> See *generally* PRC Op. MC2002-1 “Opinion and Recommended Decision Approving Stipulation and Agreement”.

<sup>27</sup> Docket No. MC2002-1, USPS-T-5 (Kiefer), at 3.

1 during their subscription period.<sup>28</sup> As an option, however, Silver and Gold subscribers  
2 could purchase additional blocks of scans. This “service expansion” feature, along with  
3 the ability to purchase Additional ID codes, permitted subscribers to tailor Confirm to  
4 meet their own requirements without graduating to a higher tier.<sup>29</sup>

5 This form of subscription-based pricing is comparable to current “internet” pricing  
6 models, featuring “limited hours of use available for a lower rate, and unlimited service  
7 for a higher rate.”<sup>30</sup> In the case of Confirm service, the subscription-based fee model is  
8 designed to “encourage Confirm<sup>®</sup> subscribers to place barcodes on all their mail rather  
9 than limiting usage to occasional mailings, or seeding barcodes within mailings.”<sup>31</sup>

10 B. A Transaction-Based Fee Schedule for Confirm Service Scan Data Was  
11 Specifically Rejected Because It Would Discourage Expanded Usage

12 In proposing the subscription-based fee structure in Docket No. MC2002-1,  
13 Postal Service witness Kiefer (USPS-T-5) specifically rejected a “transaction-based”  
14 pricing approach—the approach now proposed by the Postal Service. Such an  
15 approach, whereby customers pay a set price for every postal product or service  
16 purchased, would produce “undesirable outcomes,” including discouraging expanded  
17 usage of Confirm service. According to witness Kiefer,<sup>32</sup>

18 Once the Confirm<sup>®</sup> hardware and software are in place, the cost of  
19 additional scans is extremely small. A transaction based price would

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<sup>28</sup> See *Id.*, at 4.

<sup>29</sup> *Id.*, at 7.

<sup>30</sup> Lubenow, *The Case of Confirm: Postal Pricing and Public Goods*, PostCom Bulletin 23-06 (June 2, 2006), at 2.

<sup>31</sup> Docket No. MC2002-1, USPS-T-5 (Kiefer), at 4.

<sup>32</sup> *Id.*

1            accordingly exceed the true marginal cost by a large factor. This would  
2            be economically inefficient pricing . . .

3            Foremost among the undesirable results of a transaction-based fee is that it  
4            would “lead some potential customers to restrict usage by barcoding only some  
5            mailings or by just ‘seeding’ barcoded pieces within a larger mailing.”<sup>33</sup> Moreover, the  
6            resulting limited use of barcoded mailpieces “both diminishes the value of information  
7            received by the customer and, more critically, impairs use of the Confirm<sup>®</sup> product for  
8            measuring operational performance.”<sup>34</sup>

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<sup>33</sup>            Id.

<sup>34</sup>            Id.

1 V. THE POSTAL SERVICE'S GOAL OF COVERING THE COSTS OF CONFIRM  
2 SERVICE CAN BE ACHIEVED BETTER BY RETAINING THE EXISTING FEE  
3 SCHEDULE AND ADJUSTING CURRENT FEES

4 As an alternative to restructuring the existing fee schedule, the Postal Service's  
5 goal of covering the costs of Confirm service can be achieved better by retaining the  
6 existing fee schedule and adjusting current fees. I propose fees that avoid the risk of  
7 revenue deficiency from reduced demand caused by the Postal Service's higher  
8 combined total fees, while preserving the benefits of the existing fee schedule—  
9 encouraging expanded usage of Confirm service.

10 In developing my alternative set of fees for Confirm service, I address the  
11 following concerns:

12 Retain the existing Silver, Gold, and Platinum service levels;

13 Cover the costs of Confirm service with a cost coverage slightly above the cost  
14 coverage proposed by the Postal Service;

15 Encourage the expanded use of Confirm service by preserving the subscription-  
16 based "internet" pricing model, including the "service expansion" features.

17 Declining block user fees proposed by the Postal Service will discourage  
18 expanded use of Confirm service because such fees produce consistently higher  
19 combined total fees for Gold subscribers, and will replace the current option of  
20 unlimited scans for Platinum subscribers.

21 Eliminate the declining block user fees based upon "units," which permits the  
22 differential pricing of scan data as between First-Class Mail and the "other" (i.e.,  
23 Standard Mail and Periodicals) mail classes.

1 Minimize the potential loss of subscribers by holding fees constant for Silver  
2 subscribers and increasing them modestly for Gold subscribers, while assigning  
3 the largest fee increases to large-volume Platinum subscribers in exchange for  
4 preserving the option of unlimited scans.

5 To address these concerns, I propose fee increases of 0 percent, 16 percent,  
6 and 95 percent for the Silver, Gold, and Platinum subscription services, respectively. I  
7 propose no change in the fees for additional scans for Silver and Gold subscribers, and  
8 a 50 percent increase in the fee for a quarterly Additional ID code. These fees produce  
9 test year revenues of \$1,529,050 and a cost coverage of 127.3 percent, based upon  
10 Test Year (2008) total costs of \$1,200,890.

11 Table 2 below compares current fees for Confirm service, and the proposed fees  
12 of the Postal Service and the OCA.

Table 2  
CONFIRM SERVICE  
Comparison of Current Fees, and Proposed Fees of USPS and OCA

	Current Fees	<u>USPS Proposed</u>		<u>OCA Proposed</u>	
		<u>Fees</u>	<u>% Change</u>	<u>Fees</u>	<u>% Change</u>
Subscriber/Annual User Fee					
Silver (3 Month)	\$2,000	\$5,000	Varies	\$2,000	0.0%
Gold	\$4,500	\$5,000	11.1%	\$5,200	15.6%
Platinum	\$10,000	\$5,000	-50.0%	\$19,500	95.0%
Additional Block User Fee (per 1 million "units")					
Blocks 1 - 9	NA	\$70.00	NA	NA	NA
Blocks 10 - 99	NA	\$35.00	NA	NA	NA
Blocks 100 +	NA	\$17.50	NA	NA	NA
Additional Block Scan Fee					
Silver (blocks of 2 million)	\$500	NA	NA	\$500	0.0%
Gold (blocks of 6 million)	\$750	NA	NA	\$750	0.0%
Additional ID Code Fees					
Quarterly	\$500	\$750	50.0%	\$750	50.0%
Annual	\$2,000	\$2,000	0.0%	\$2,000	0.0%
1	Cost Coverage		126.3%		127.3%

2           The Postal Service, in estimating test year Confirm service revenue of  
3 \$1,517,297, assumes that “the number of subscriptions will be the same as in the base  
4 year.”<sup>35</sup> Base Year (FY 2005) subscriptions for the Silver, Gold, and Platinum service  
5 levels were 16, 119 and 45, respectively.<sup>36</sup> Assuming the same number of  
6 subscriptions in the base year as the test year is wholly speculative given the large  
7 increase in combined total fees under the Postal Service’s proposed fee schedule.

8           I assume the same number of subscriptions in the test year as in the base year.  
9 This follows from the fact that I do not propose an increase in the Silver subscription

<sup>35</sup> Tr. 14/3938 (OCA/USPS-T40-17(b)-(c)).

<sup>36</sup> USPS-LR-L-124 (REV 7-3-06), Excel file “REV-USPS-LR-124 7-3-06.xls,” worksheet tab “WP4 Confirm.”

1 fee, and therefore do not expect a change in the number of Silver subscriptions. In  
2 addition, I propose a modest increase of 15.6 percent in the Gold subscription fee.  
3 Depending upon usage, this increase is less than the combined total fees (i.e., the  
4 annual user fee and the declining block user fee) proposed by the Postal Service. As  
5 discussed previously, combined total fees increase from 11 percent for a Gold  
6 subscriber using only 1 million First-Class Mail scans, up to 56 percent for a subscriber  
7 using 50 million scans. Under my proposal, any Gold subscriber using between 4  
8 million and 50 million First-Class Mail scans will pay less compared to the combined  
9 total fees proposed by the Postal Service.<sup>37</sup> In view of the fact that the Postal Service  
10 proposes considerably larger fee increases than I propose, it appears reasonable to  
11 conclude that my proposed fees will not result in a decrease in the number of Gold  
12 subscribers.

13 For Platinum subscribers, I propose a fee increase that preserves for large-  
14 volume users the option of unlimited scans for a fixed subscription fee. Consequently,  
15 Platinum subscribers were assigned the largest fee increase of \$9,500, representing an  
16 increase of 95 percent. I assume such an increase will have little or no effect on the  
17 number of Platinum subscribers. For larger mailers that track their mail using the  
18 Platinum subscription service, a \$9,500 fee increase relative to total postage costs in  
19 the millions or hundreds of millions of dollars annually is quite small when amortized  
20 over millions of mailpieces.

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<sup>37</sup> OCA-T-5, Attachment 1 (Revised 10-20-06).

1           With respect to the purchase of Additional ID codes, I assume, like the Postal  
2 Service, that no revenue will be generated from such purchases in the test year.<sup>38</sup>  
3 However, to the extent there are purchases of Additional IDs, additional revenue would  
4 be generated, increasing the cost coverage of Confirm service beyond the 127.3  
5 percent that I propose.  
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<sup>38</sup> USPS-LR-L-124 (REV 7-3-06), Excel file "REV-USPS-LR-124 7-3-06.xls," worksheet tab "WP-4 Confirm;" see *also* Tr. 14/3921 ("mailers would be unlikely to buy additional IDs when they were no longer necessary, resulting in a reduction in the number of additional IDs." MMA/USPS-T40-2(e)).

1 VI. OCA'S PROPOSED FEES FOR CONFIRM SERVICE SATISFY THE PRICING  
2 CRITERIA OF THE POSTAL REORGANIZATION ACT

3 The pricing criteria for postal rates and fees are enumerated in Section 3622(b),  
4 paragraphs one through nine, of the Postal Reorganization Act. In developing the  
5 proposed fees for Confirm service, I considered the following pricing criteria.

6 Criterion number one refers to "the establishment and maintenance of a fair and  
7 equitable schedule." My proposed fees are fair and equitable. I propose no increase in  
8 fees for Silver subscribers. Moreover, the fees I propose for Gold and Platinum  
9 subscribers are designed to preserve Confirm service as a service option for business  
10 mailers.

11 The second criterion directs that consideration be given to "the value of the mail  
12 service actually provided." The fees I propose for Confirm service offer business  
13 mailers an affordable means to obtain valuable tracking information about their  
14 mailpieces. This information will help mailers improve their business operations by  
15 more effectively managing direct mail marketing campaigns and responding to incoming  
16 customer inquiries, orders, etc. Moreover, the three-tier subscription-based fee  
17 schedule permits business mailers to size their use of Confirm to meet their specific  
18 needs.

19 The third criterion—recovery of attributable costs—requires that revenues for  
20 each mail class or service be at least equal to the attributable costs for that class or  
21 service. The fees I propose cover the attributable costs of Confirm service and make a  
22 reasonable contribution to the system-wide institutional costs of the Postal Service.  
23 The resulting cost coverage—127.3 percent—is slightly more than the cost coverage  
24 proposed by the Postal Service.

1           Criterion number four concerns “the effect of rate increases.” Silver subscribers  
2 will not experience an increase in fees under my proposal. For Gold subscribers, the  
3 fees I propose represent a modest increase since the establishment of Confirm service  
4 four years ago. In this regard, my proposed fee increase of 15.6 percent approximates  
5 the 5.4 percent system-wide average fee increase resulting from Docket No. R2005-1  
6 and the proposed 8.5 percent average increase proposed in this proceeding. For  
7 Platinum subscribers, a service level suitable for large-volume mailers, the fee increase  
8 of 95 percent, while sizeable in percentage terms, partially reflects fee increases since  
9 Confirm service commenced. Also, the additional increase is small in dollar terms  
10 relative to the postage paid by such large-volume Confirm users.

11           The fifth criterion directs consideration to the role of available alternatives at  
12 reasonable cost. In addition to hardcopy mail service, numerous options exist for  
13 business mailers and their customers to communicate orders, payments, statement of  
14 accounts and solicitations, including fax, email, and other forms of electronic  
15 communications. By providing near real-time tracking of mailpieces, Confirm service  
16 enhances the value of hardcopy mail, allowing it to compete more effectively against  
17 electronic alternatives.

18           The sixth criterion concerns “the degree of preparation of the mail . . . and its  
19 effect upon reducing costs to the Postal Service.” Retaining the existing subscription-  
20 based fee structure encourages the expanded usage of Confirm service by mailers.  
21 Moreover, expanded usage of Confirm service increases the information value of scan  
22 data to the Postal Service, which can be used to monitor and evaluate operations,  
23 thereby improving efficiency and reducing Postal Service costs.

1            Criterion number seven refers to the “simplicity of structure for the entire  
2 schedule and simple, identifiable relationships between the rates or fees charged.” I  
3 propose to adjust current fees and make no changes in the existing fee structure.  
4 Consequently, the existing identifiable fee relationships are retained.  
5

1 VII. THE REQUIREMENT THAT SUBSCRIBERS PROVIDE ELECTRONIC  
2 NOTIFICATIONS FOR ENTRY OF CONFIRM MAILINGS SHOULD BE  
3 RETAINED

4 Confirm service subscribers entering Destination Confirm mailpieces are  
5 required to provide an electronic preshipment notification for every outgoing Confirm  
6 mailing. This requirement, found in section 991.31 of the Domestic Mail Classification  
7 Schedule (herein “DMCS”), specifies that authorized subscribers provide, for  
8 Destination Confirm, “electronic notice of entering Confirm mail prior to or  
9 contemporaneous with mail entry.”<sup>39</sup>

10 The Postal Service proposes to eliminate this requirement from DMCS §991.31,  
11 “because customers found the requirement burdensome.”<sup>40</sup> However, this reason is  
12 less about burden than one of disappointment over an unrealized opportunity. That  
13 opportunity—using some form of electronic notification to develop improved processing  
14 and delivery service performance measurement—can be realized if this requirement is  
15 retained. As a result, I propose that the Commission reject the Postal Service’s  
16 proposal and retain this requirement in the DMCS.

17 As originally proposed, Confirm service was designed to benefit not only mailers,  
18 but also the Postal Service.<sup>41</sup> Benefits to the Postal Service would arise from  
19 widespread usage of Confirm mailings, permitting the Postal Service to use the  
20 collected scan data to monitor mail processing operations and improve service

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<sup>39</sup> DMCS §991.31.

<sup>40</sup> USPS-T-40 (Mitchum), at 21.

<sup>41</sup> PRC Op. MC2002-1, at 1.

1 performance measurement.<sup>42</sup> Of critical importance to achieving these benefits is the  
2 requirement of a “preshipment” notification.<sup>43</sup>

3 Preshipment notification enables the Postal Service to use Confirm  
4 information to measure, diagnose, monitor, and improve mail processing  
5 and delivery service performance.

6 To achieve this result, the preshipment notification, an electronic manifest that  
7 provides a profile of the Confirm mailing,<sup>44</sup>

8 serves to link entry scan data with PLANET Code mailpiece processing in  
9 order to “start the clock” on the mailing and help measure processing and  
10 delivery performance.

11 Eliminating this requirement will remove the impetus to develop any type of  
12 transparent, system-wide service performance measurement system for business mail.  
13 In effect, “de-linking” the preshipment notification from the entry scan at the postal  
14 facility will make scan data nearly useless to the Postal Service for any type of  
15 measurement of service performance. Consequently, retaining this requirement for a  
16 “start the clock” notification is essential, despite current Postal Service claims that,  
17 “Confirm service itself was not and is not intended to be a performance measurement  
18 tool.”<sup>45</sup>

19 The need for improved delivery performance measurement is highlighted in a  
20 recent General Accountability Office (GAO) report. The report, “U.S. Postal Service:  
21 Delivery Performance Standards, Measurement, and Reporting Need Improvement,”

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<sup>42</sup> Docket No. MC2002-1, USPS-T-5 (Kiefer), at 3 and 15.

<sup>43</sup> Postal Service Publication 197, *Confirm Users Guide* (September 2004), at 29.

<sup>44</sup> *Id.*, at 2.

<sup>45</sup> Tr. 14/3966 (OCA/USPS-T40-35(a)).

1 stated that the Postal Service’s “delivery performance measurement and reporting is  
2 not complete, because it does not cover key types of mail—including Standard Mail,  
3 bulk First-Class Mail, Periodicals, and most Package Services.”<sup>46</sup> Confirm service can  
4 provide the basis for measuring service performance for bulk-entered First-Class Mail,  
5 Standard Mail and Periodicals.

6 While retention of the preshipment notification is essential to ensure that Confirm  
7 service can be used for improved service performance measurement, the current  
8 electronic notification procedures are less than satisfactory. However, the DMCS  
9 language only requires that subscribers “provide electronic notice of entering  
10 [Destination] Confirm mail” and does not specify the form of such notification, beyond  
11 being “electronic.” Retaining the requirement for an electronic preshipment notification  
12 provides an opportunity to facilitate development of a better means to measure and  
13 improve mail processing and delivery service performance.

14

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<sup>46</sup> General Accountability Office, *U.S. Postal Service: Delivery Performance Standards, Measurement, and Reporting Need Improvement*, GAO-06-733 (July 2006), at 41.

1 VIII. CONCLUSION

2 This testimony proposes a simpler, more certain method to cover the costs of  
3 Confirm service than proposed by the Postal Service by retaining the existing  
4 subscription-based fee schedule and adjusting current fees. The fees I propose  
5 minimize the risk of revenue deficiency from reduced demand that would be caused by  
6 the Postal Service's higher combined total fees, and produce a cost coverage of 127.3  
7 percent—slightly more than the cost coverage proposed by the Postal Service.  
8 Moreover, by retaining the existing subscription-based fee schedule, my proposed fees  
9 preserve the benefits of the existing schedule—encouraging expanded use of Confirm  
10 service.

11 The Postal Service's proposal to delete from section 991.31 of the DMCS the  
12 requirement that mailers provide an electronic preshipment notification for every  
13 outgoing Confirm mailing should be rejected by the Commission. Eliminating this  
14 requirement will render the scan data generated by Confirm subscribers to be of little or  
15 no value to the Postal Service and prevent it from developing a useful and much  
16 needed service performance measurement system for most business mail.  
17 Consequently, retaining the requirement of a "start the clock" notification preserves the  
18 opportunity to develop a better means to measure and improve mail processing and  
19 delivery service performance.

**SPECIAL SERVICES  
CONFIRM  
TEST YEAR 2008**

VALUE:	Volumes			Fees (\$)		Revenues (\$)		Percent Change
	FY2005	Before Rates	After Rates	Current	Proposed	Before Rates	After Rates	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Silver	16	16	16	\$2,000.00	\$2,000.00	\$32,000	\$32,000	0.0%
Additional Scans	0	0	0	\$500.00	\$500.00	\$0	\$0	0.0%
Gold	119	119	119	\$4,500.00	\$5,200.00	\$535,500	\$618,800	15.6%
Additional Scans	1	1	1	\$750.00	\$750.00	\$750	\$750	0.0%
Platinum	45	45	45	\$10,000.00	\$19,500.00	\$450,000	\$877,500	95.0%
	180	180	180			\$1,018,250	\$1,529,050	
Additional IDs								
Quarter	292	0	0	\$500	\$750	\$ -	\$ -	50.0%
Annual	0	0	0	\$2,000	\$2,000	\$ -	\$ -	0.0%
Total	292	0	0			\$ -	\$ -	
Revenue						\$1,018,250	\$1,529,050	
Total Cost (incl. 1% Contingency)							\$1,200,890 <sup>1/</sup>	
Cost Coverage							127.3%	

<sup>1/</sup> USPS-LR-L-59, Attachment 17, page 1 of 1.

1 Qtr	\$2,000	Annual	\$5,000
2 Qtr	\$2,000	Additional Scans	
3 Qtr	\$2,000	Blk 1-9	\$70.00
4 Qtr	\$2,000	Blk 10-99	\$35.00
Add'l Scans	\$500	Blk 100 up	\$17.50

**SILVER SUBSCRIPTION  
CURRENT**

**SILVER SUBSCRIPTION  
USPS PROPOSED**

**SILVER SUBSCRIPTION  
% CHG: USPS vs CURRENT**

Qtr	Number of First-Class Scans		Total Annual Charge (\$)	Cost per Million Scans (\$)	First-Class Scans: "User Fee" Block of 1 Million				Total Annual Charge (\$)	Cost per Million Scans (\$)	Number of First-Class Scans	
	(Millions)	Scans			1st - 9th Block of 1 Million	10th - 99th Block of 1 Million	Total First-Class Scans: Block of 1 Million	Proposed Increase %				
1	1		\$2,000	\$2,000	1			1	\$5,000	\$5,000	1	150%
1	2		\$2,000	\$1,000	1	1		2	\$5,070	\$2,535	2	154%
1	3		\$2,000	\$667	1	2		3	\$5,140	\$1,713	3	157%
1	4		\$2,000	\$500	1	3		4	\$5,210	\$1,303	4	161%
1	5		\$2,000	\$400	1	4		5	\$5,280	\$1,056	5	164%
1	6		\$2,000	\$333	1	5		6	\$5,350	\$892	6	168%
1	7		\$2,000	\$286	1	6		7	\$5,420	\$774	7	171%
1	8		\$2,000	\$250	1	7		8	\$5,490	\$686	8	175%
1	9		\$2,000	\$222	1	8		9	\$5,560	\$618	9	178%
1	10		\$2,000	\$200	1	9		10	\$5,630	\$563	10	182%
1	11		\$2,000	\$182	1	9	1	11	\$5,665	\$515	11	183%
1	12		\$2,000	\$167	1	9	2	12	\$5,700	\$475	12	185%
1	13		\$2,000	\$154	1	9	3	13	\$5,735	\$441	13	187%
1	14		\$2,000	\$143	1	9	4	14	\$5,770	\$412	14	189%
1	15		\$2,000	\$133	1	9	5	15	\$5,805	\$387	15	190%
2	16		\$4,000	\$250	1	9	6	16	\$5,840	\$365	16	46%
2	17		\$4,000	\$235	1	9	7	17	\$5,875	\$346	17	47%
2	18		\$4,000	\$222	1	9	8	18	\$5,910	\$328	18	48%
2	19		\$4,000	\$211	1	9	9	19	\$5,945	\$313	19	49%
2	20		\$4,000	\$200	1	9	10	20	\$5,980	\$299	20	50%
2	21		\$4,000	\$190	1	9	11	21	\$6,015	\$286	21	50%
2	22		\$4,000	\$182	1	9	12	22	\$6,050	\$275	22	51%
2	23		\$4,000	\$174	1	9	13	23	\$6,085	\$265	23	52%
2	24		\$4,000	\$167	1	9	14	24	\$6,120	\$255	24	53%
2	25		\$4,000	\$160	1	9	15	25	\$6,155	\$246	25	54%
2	26		\$4,000	\$154	1	9	16	26	\$6,190	\$238	26	55%
2	27		\$4,000	\$148	1	9	17	27	\$6,225	\$231	27	56%
2	28		\$4,000	\$143	1	9	18	28	\$6,260	\$224	28	57%
2	29		\$4,000	\$138	1	9	19	29	\$6,295	\$217	29	57%
2	30		\$4,000	\$133	1	9	20	30	\$6,330	\$211	30	58%

3	31	\$6,000	\$194	1	9	21	31	\$6,365	\$205	31	6%
3	32	\$6,000	\$188	1	9	22	32	\$6,400	\$200	32	7%
3	33	\$6,000	\$182	1	9	23	33	\$6,435	\$195	33	7%
3	34	\$6,000	\$176	1	9	24	34	\$6,470	\$190	34	8%
3	35	\$6,000	\$171	1	9	25	35	\$6,505	\$186	35	8%
3	36	\$6,000	\$167	1	9	26	36	\$6,540	\$182	36	9%
3	37	\$6,000	\$162	1	9	27	37	\$6,575	\$178	37	10%
3	38	\$6,000	\$158	1	9	28	38	\$6,610	\$174	38	10%
3	39	\$6,000	\$154	1	9	29	39	\$6,645	\$170	39	11%
3	40	\$6,000	\$150	1	9	30	40	\$6,680	\$167	40	11%
3	41	\$6,000	\$146	1	9	31	41	\$6,715	\$164	41	12%
3	42	\$6,000	\$143	1	9	32	42	\$6,750	\$161	42	13%
3	43	\$6,000	\$140	1	9	33	43	\$6,785	\$158	43	13%
3	44	\$6,000	\$136	1	9	34	44	\$6,820	\$155	44	14%
3	45	\$6,000	\$133	1	9	35	45	\$6,855	\$152	45	14%
4	46	\$8,000	\$174	1	9	36	46	\$6,890	\$150	46	-14%
4	47	\$8,000	\$170	1	9	37	47	\$6,925	\$147	47	-13%
4	48	\$8,000	\$167	1	9	38	48	\$6,960	\$145	48	-13%
4	49	\$8,000	\$163	1	9	39	49	\$6,995	\$143	49	-13%
4	50	\$8,000	\$160	1	9	40	50	\$7,030	\$141	50	-12%
4	51	\$8,000	\$157	1	9	41	51	\$7,065	\$139	51	-12%
4	52	\$8,000	\$154	1	9	42	52	\$7,100	\$137	52	-11%
4	53	\$8,000	\$151	1	9	43	53	\$7,135	\$135	53	-11%
4	54	\$8,000	\$148	1	9	44	54	\$7,170	\$133	54	-10%
4	55	\$8,000	\$145	1	9	45	55	\$7,205	\$131	55	-10%
4	56	\$8,000	\$143	1	9	46	56	\$7,240	\$129	56	-10%
4	57	\$8,000	\$140	1	9	47	57	\$7,275	\$128	57	-9%
4	58	\$8,000	\$138	1	9	48	58	\$7,310	\$126	58	-9%
4	59	\$8,000	\$136	1	9	49	59	\$7,345	\$124	59	-8%
4	60	\$8,000	\$133	1	9	50	60	\$7,380	\$123	60	-8%

Annual \$4,500  
Add'l Scans \$750

Annual \$5,000  
Additional Scans  
Blk 1-9 \$70.00  
Blk 10-99 \$35.00  
Blk 100 up \$17.50

**GOLD SUBSCRIPTION  
CURRENT**

**GOLD SUBSCRIPTION  
USPS PROPOSED**

**GOLD SUBSCRIPTION  
% CHG: USPS vs CURRENT**

Number of First-Class Scans (Millions)	Total Annual Charge (\$)	Cost per Million Scans (\$)	First-Class				Total First- Class		Total Annual Charge (\$)	Cost per Million Scans (\$)	Number of First-Class Scans (Millions)	Proposed Increase %
			Scans: "User Fee" Block of Million	Scans: 1st - 9th Block of Million	Scans: 10th - 99th Block of Million	Scans: 100 + Blocks of 1 Million	Scans: 100 Block of Million	Scans: 1 Block of Million				
1	\$4,500	\$4,500	1					\$5,000	\$5,000	1	11%	
2	\$4,500	\$2,250	1	1				\$5,070	\$2,535	2	13%	
3	\$4,500	\$1,500	1	2				\$5,140	\$1,713	3	14%	
4	\$4,500	\$1,125	1	3				\$5,210	\$1,303	4	16%	
5	\$4,500	\$900	1	4				\$5,280	\$1,056	5	17%	
6	\$4,500	\$750	1	5				\$5,350	\$892	6	19%	
7	\$4,500	\$643	1	6				\$5,420	\$774	7	20%	
8	\$4,500	\$563	1	7				\$5,490	\$686	8	22%	
9	\$4,500	\$500	1	8				\$5,560	\$618	9	24%	
10	\$4,500	\$450	1	9				\$5,630	\$563	10	25%	
11	\$4,500	\$409	1	9	1			\$5,665	\$515	11	26%	
12	\$4,500	\$375	1	9	2			\$5,700	\$475	12	27%	
13	\$4,500	\$346	1	9	3			\$5,735	\$441	13	27%	
14	\$4,500	\$321	1	9	4			\$5,770	\$412	14	28%	
15	\$4,500	\$300	1	9	5			\$5,805	\$387	15	29%	
16	\$4,500	\$281	1	9	6			\$5,840	\$365	16	30%	
17	\$4,500	\$265	1	9	7			\$5,875	\$346	17	31%	
18	\$4,500	\$250	1	9	8			\$5,910	\$328	18	31%	
19	\$4,500	\$237	1	9	9			\$5,945	\$313	19	32%	
20	\$4,500	\$225	1	9	10			\$5,980	\$299	20	33%	
21	\$4,500	\$214	1	9	11			\$6,015	\$286	21	34%	
22	\$4,500	\$205	1	9	12			\$6,050	\$275	22	34%	
23	\$4,500	\$196	1	9	13			\$6,085	\$265	23	35%	
24	\$4,500	\$188	1	9	14			\$6,120	\$255	24	36%	
25	\$4,500	\$180	1	9	15			\$6,155	\$246	25	37%	
26	\$4,500	\$173	1	9	16			\$6,190	\$238	26	38%	
27	\$4,500	\$167	1	9	17			\$6,225	\$231	27	38%	
28	\$4,500	\$161	1	9	18			\$6,260	\$224	28	39%	
29	\$4,500	\$155	1	9	19			\$6,295	\$217	29	40%	
30	\$4,500	\$150	1	9	20			\$6,330	\$211	30	41%	
31	\$4,500	\$145	1	9	21			\$6,365	\$205	31	41%	
32	\$4,500	\$141	1	9	22			\$6,400	\$200	32	42%	
33	\$4,500	\$136	1	9	23			\$6,435	\$195	33	43%	
34	\$4,500	\$132	1	9	24			\$6,470	\$190	34	44%	

35	\$4,500	\$129	1	9	25	35	\$6,505	\$186	35	45%
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36	\$4,500	\$125	1	9	26		36	\$6,540	\$182	36	45%
37	\$4,500	\$122	1	9	27		37	\$6,575	\$178	37	46%
38	\$4,500	\$118	1	9	28		38	\$6,610	\$174	38	47%
39	\$4,500	\$115	1	9	29		39	\$6,645	\$170	39	48%
40	\$4,500	\$113	1	9	30		40	\$6,680	\$167	40	48%
41	\$4,500	\$110	1	9	31		41	\$6,715	\$164	41	49%
42	\$4,500	\$107	1	9	32		42	\$6,750	\$161	42	50%
43	\$4,500	\$105	1	9	33		43	\$6,785	\$158	43	51%
44	\$4,500	\$102	1	9	34		44	\$6,820	\$155	44	52%
45	\$4,500	\$100	1	9	35		45	\$6,855	\$152	45	52%
46	\$4,500	\$98	1	9	36		46	\$6,890	\$150	46	53%
47	\$4,500	\$96	1	9	37		47	\$6,925	\$147	47	54%
48	\$4,500	\$94	1	9	38		48	\$6,960	\$145	48	55%
49	\$4,500	\$92	1	9	39		49	\$6,995	\$143	49	55%
50	\$4,500	\$90	1	9	40		50	\$7,030	\$141	50	56%
56	\$5,250	\$94	1	9	46		56	\$7,240	\$129	56	38%
62	\$6,000	\$97	1	9	52		62	\$7,450	\$120	62	24%
68	\$6,750	\$99	1	9	58		68	\$7,660	\$113	68	13%
74	\$7,500	\$101	1	9	64		74	\$7,870	\$106	74	5%
80	\$8,250	\$103	1	9	70		80	\$8,080	\$101	80	-2%
86	\$9,000	\$105	1	9	76		86	\$8,290	\$96	86	-8%
92	\$9,750	\$106	1	9	82		92	\$8,500	\$92	92	-13%
98	\$10,500	\$107	1	9	88		98	\$8,710	\$89	98	-17%
104	\$11,250	\$108	1	9	90	4	104	\$8,850	\$85	104	-21%
110	\$12,000	\$109	1	9	90	10	110	\$8,955	\$81	110	-25%
116	\$12,750	\$110	1	9	90	16	116	\$9,060	\$78	116	-29%
122	\$13,500	\$111	1	9	90	22	122	\$9,165	\$75	122	-32%
128	\$14,250	\$111	1	9	90	28	128	\$9,270	\$72	128	-35%
134	\$15,000	\$112	1	9	90	34	134	\$9,375	\$70	134	-38%
140	\$15,750	\$113	1	9	90	40	140	\$9,480	\$68	140	-40%
146	\$16,500	\$113	1	9	90	46	146	\$9,585	\$66	146	-42%
152	\$17,250	\$113	1	9	90	52	152	\$9,690	\$64	152	-44%
158	\$18,000	\$114	1	9	90	58	158	\$9,795	\$62	158	-46%
164	\$18,750	\$114	1	9	90	64	164	\$9,900	\$60	164	-47%
170	\$19,500	\$115	1	9	90	70	170	\$10,005	\$59	170	-49%

Annual \$10,000

Annual \$5,000

Additional Scans

Blk 1-9 \$70.00

Blk 10-99 \$35.00

Blk 100 up \$17.50

**PLATINUM SUBSCRIPTION  
CURRENT**

**PLATINUM SUBSCRIPTION  
USPS PROPOSED**

**PLATINUM SUBSCRIPTION  
% CHG: USPS vs CURRENT**

Number of First-Class Scans (Millions)	Total Annual Charge (\$)	Cost per Million Scans (\$)	First-Class Scans: "User Fee" Block of 1 Million	First-Class Scans: 1st - 9th Block of 1 Million	First-Class Scans: 10th - 99th Block of 1 Million	First-Class Scans: 100 + Blocks of 1 Million	Total First- Class Scans: Block of 1 Million	Total Annual Charge (\$)	Cost per Million Scans (\$)	Number of First-Class Scans (Millions)	Proposed Increase %
1	\$10,000	\$10,000	1				1	\$5,000	\$5,000	1	-50%
2	\$10,000	\$5,000	1	1			2	\$5,070	\$2,535	2	-49%
3	\$10,000	\$3,333	1	2			3	\$5,140	\$1,713	3	-49%
4	\$10,000	\$2,500	1	3			4	\$5,210	\$1,303	4	-48%
5	\$10,000	\$2,000	1	4			5	\$5,280	\$1,056	5	-47%
6	\$10,000	\$1,667	1	5			6	\$5,350	\$892	6	-47%
7	\$10,000	\$1,429	1	6			7	\$5,420	\$774	7	-46%
8	\$10,000	\$1,250	1	7			8	\$5,490	\$686	8	-45%
9	\$10,000	\$1,111	1	8			9	\$5,560	\$618	9	-44%
10	\$10,000	\$1,000	1	9			10	\$5,630	\$563	10	-44%
11	\$10,000	\$909	1	9	1		11	\$5,665	\$515	11	-43%
12	\$10,000	\$833	1	9	2		12	\$5,700	\$475	12	-43%
13	\$10,000	\$769	1	9	3		13	\$5,735	\$441	13	-43%
14	\$10,000	\$714	1	9	4		14	\$5,770	\$412	14	-42%
15	\$10,000	\$667	1	9	5		15	\$5,805	\$387	15	-42%
16	\$10,000	\$625	1	9	6		16	\$5,840	\$365	16	-42%
17	\$10,000	\$588	1	9	7		17	\$5,875	\$346	17	-41%
18	\$10,000	\$556	1	9	8		18	\$5,910	\$328	18	-41%
19	\$10,000	\$526	1	9	9		19	\$5,945	\$313	19	-41%
20	\$10,000	\$500	1	9	10		20	\$5,980	\$299	20	-40%
21	\$10,000	\$476	1	9	11		21	\$6,015	\$286	21	-40%
22	\$10,000	\$455	1	9	12		22	\$6,050	\$275	22	-40%
23	\$10,000	\$435	1	9	13		23	\$6,085	\$265	23	-39%
24	\$10,000	\$417	1	9	14		24	\$6,120	\$255	24	-39%
25	\$10,000	\$400	1	9	15		25	\$6,155	\$246	25	-38%
26	\$10,000	\$385	1	9	16		26	\$6,190	\$238	26	-38%
27	\$10,000	\$370	1	9	17		27	\$6,225	\$231	27	-38%
28	\$10,000	\$357	1	9	18		28	\$6,260	\$224	28	-37%
29	\$10,000	\$345	1	9	19		29	\$6,295	\$217	29	-37%
30	\$10,000	\$333	1	9	20		30	\$6,330	\$211	30	-37%
31	\$10,000	\$323	1	9	21		31	\$6,365	\$205	31	-36%
32	\$10,000	\$313	1	9	22		32	\$6,400	\$200	32	-36%
33	\$10,000	\$303	1	9	23		33	\$6,435	\$195	33	-36%
34	\$10,000	\$294	1	9	24		34	\$6,470	\$190	34	-35%
35	\$10,000	\$286	1	9	25		35	\$6,505	\$186	35	-35%
36	\$10,000	\$278	1	9	26		36	\$6,540	\$182	36	-35%
37	\$10,000	\$270	1	9	27		37	\$6,575	\$178	37	-34%
38	\$10,000	\$263	1	9	28		38	\$6,610	\$174	38	-34%

39	\$10,000	\$256	1	9	29	39	\$6,645	\$170	39	-34%
40	\$10,000	\$250	1	9	30	40	\$6,680	\$167	40	-33%
41	\$10,000	\$244	1	9	31	41	\$6,715	\$164	41	-33%
42	\$10,000	\$238	1	9	32	42	\$6,750	\$161	42	-33%
43	\$10,000	\$233	1	9	33	43	\$6,785	\$158	43	-32%
44	\$10,000	\$227	1	9	34	44	\$6,820	\$155	44	-32%
45	\$10,000	\$222	1	9	35	45	\$6,855	\$152	45	-31%
46	\$10,000	\$217	1	9	36	46	\$6,890	\$150	46	-31%
47	\$10,000	\$213	1	9	37	47	\$6,925	\$147	47	-31%
48	\$10,000	\$208	1	9	38	48	\$6,960	\$145	48	-30%
49	\$10,000	\$204	1	9	39	49	\$6,995	\$143	49	-30%
50	\$10,000	\$200	1	9	40	50	\$7,030	\$141	50	-30%
51	\$10,000	\$196	1	9	41	51	\$7,065	\$139	51	-29%
52	\$10,000	\$192	1	9	42	52	\$7,100	\$137	52	-29%
53	\$10,000	\$189	1	9	43	53	\$7,135	\$135	53	-29%
54	\$10,000	\$185	1	9	44	54	\$7,170	\$133	54	-28%
55	\$10,000	\$182	1	9	45	55	\$7,205	\$131	55	-28%
56	\$10,000	\$179	1	9	46	56	\$7,240	\$129	56	-28%
57	\$10,000	\$175	1	9	47	57	\$7,275	\$128	57	-27%
58	\$10,000	\$172	1	9	48	58	\$7,310	\$126	58	-27%
59	\$10,000	\$169	1	9	49	59	\$7,345	\$124	59	-27%
60	\$10,000	\$167	1	9	50	60	\$7,380	\$123	60	-26%
61	\$10,000	\$164	1	9	51	61	\$7,415	\$122	61	-26%
62	\$10,000	\$161	1	9	52	62	\$7,450	\$120	62	-26%
63	\$10,000	\$159	1	9	53	63	\$7,485	\$119	63	-25%
64	\$10,000	\$156	1	9	54	64	\$7,520	\$118	64	-25%
65	\$10,000	\$154	1	9	55	65	\$7,555	\$116	65	-24%
66	\$10,000	\$152	1	9	56	66	\$7,590	\$115	66	-24%
67	\$10,000	\$149	1	9	57	67	\$7,625	\$114	67	-24%
68	\$10,000	\$147	1	9	58	68	\$7,660	\$113	68	-23%
69	\$10,000	\$145	1	9	59	69	\$7,695	\$112	69	-23%
70	\$10,000	\$143	1	9	60	70	\$7,730	\$110	70	-23%
71	\$10,000	\$141	1	9	61	71	\$7,765	\$109	71	-22%
72	\$10,000	\$139	1	9	62	72	\$7,800	\$108	72	-22%
73	\$10,000	\$137	1	9	63	73	\$7,835	\$107	73	-22%
74	\$10,000	\$135	1	9	64	74	\$7,870	\$106	74	-21%
75	\$10,000	\$133	1	9	65	75	\$7,905	\$105	75	-21%
76	\$10,000	\$132	1	9	66	76	\$7,940	\$104	76	-21%
77	\$10,000	\$130	1	9	67	77	\$7,975	\$104	77	-20%
78	\$10,000	\$128	1	9	68	78	\$8,010	\$103	78	-20%
79	\$10,000	\$127	1	9	69	79	\$8,045	\$102	79	-20%
80	\$10,000	\$125	1	9	70	80	\$8,080	\$101	80	-19%
81	\$10,000	\$123	1	9	71	81	\$8,115	\$100	81	-19%
82	\$10,000	\$122	1	9	72	82	\$8,150	\$99	82	-19%
83	\$10,000	\$120	1	9	73	83	\$8,185	\$99	83	-18%
84	\$10,000	\$119	1	9	74	84	\$8,220	\$98	84	-18%
85	\$10,000	\$118	1	9	75	85	\$8,255	\$97	85	-17%
86	\$10,000	\$116	1	9	76	86	\$8,290	\$96	86	-17%
87	\$10,000	\$115	1	9	77	87	\$8,325	\$96	87	-17%
88	\$10,000	\$114	1	9	78	88	\$8,360	\$95	88	-16%

89	\$10,000	\$112	1	9	79	89	\$8,395	\$94	89	-16%
90	\$10,000	\$111	1	9	80	90	\$8,430	\$94	90	-16%
91	\$10,000	\$110	1	9	81	91	\$8,465	\$93	91	-15%
92	\$10,000	\$109	1	9	82	92	\$8,500	\$92	92	-15%
93	\$10,000	\$108	1	9	83	93	\$8,535	\$92	93	-15%
94	\$10,000	\$106	1	9	84	94	\$8,570	\$91	94	-14%
95	\$10,000	\$105	1	9	85	95	\$8,605	\$91	95	-14%
96	\$10,000	\$104	1	9	86	96	\$8,640	\$90	96	-14%
97	\$10,000	\$103	1	9	87	97	\$8,675	\$89	97	-13%
98	\$10,000	\$102	1	9	88	98	\$8,710	\$89	98	-13%
99	\$10,000	\$101	1	9	89	99	\$8,745	\$88	99	-13%
100	\$10,000	\$100	1	9	90	100	\$8,780	\$88	100	-12%
101	\$10,000	\$99	1	9	90	101	\$8,798	\$87	101	-12%
102	\$10,000	\$98	1	9	90	102	\$8,815	\$86	102	-12%
103	\$10,000	\$97	1	9	90	103	\$8,833	\$86	103	-12%
104	\$10,000	\$96	1	9	90	104	\$8,850	\$85	104	-12%
105	\$10,000	\$95	1	9	90	105	\$8,868	\$84	105	-11%
106	\$10,000	\$94	1	9	90	106	\$8,885	\$84	106	-11%
107	\$10,000	\$93	1	9	90	107	\$8,903	\$83	107	-11%
108	\$10,000	\$93	1	9	90	108	\$8,920	\$83	108	-11%
109	\$10,000	\$92	1	9	90	109	\$8,938	\$82	109	-11%
110	\$10,000	\$91	1	9	90	110	\$8,955	\$81	110	-10%
111	\$10,000	\$90	1	9	90	111	\$8,973	\$81	111	-10%
112	\$10,000	\$89	1	9	90	112	\$8,990	\$80	112	-10%
113	\$10,000	\$88	1	9	90	113	\$9,008	\$80	113	-10%
114	\$10,000	\$88	1	9	90	114	\$9,025	\$79	114	-10%
115	\$10,000	\$87	1	9	90	115	\$9,043	\$79	115	-10%
116	\$10,000	\$86	1	9	90	116	\$9,060	\$78	116	-9%
117	\$10,000	\$85	1	9	90	117	\$9,078	\$78	117	-9%
118	\$10,000	\$85	1	9	90	118	\$9,095	\$77	118	-9%
119	\$10,000	\$84	1	9	90	119	\$9,113	\$77	119	-9%
120	\$10,000	\$83	1	9	90	120	\$9,130	\$76	120	-9%
121	\$10,000	\$83	1	9	90	121	\$9,148	\$76	121	-9%
122	\$10,000	\$82	1	9	90	122	\$9,165	\$75	122	-8%
123	\$10,000	\$81	1	9	90	123	\$9,183	\$75	123	-8%
124	\$10,000	\$81	1	9	90	124	\$9,200	\$74	124	-8%
125	\$10,000	\$80	1	9	90	125	\$9,218	\$74	125	-8%
126	\$10,000	\$79	1	9	90	126	\$9,235	\$73	126	-8%
127	\$10,000	\$79	1	9	90	127	\$9,253	\$73	127	-7%
128	\$10,000	\$78	1	9	90	128	\$9,270	\$72	128	-7%
129	\$10,000	\$78	1	9	90	129	\$9,288	\$72	129	-7%
130	\$10,000	\$77	1	9	90	130	\$9,305	\$72	130	-7%
131	\$10,000	\$76	1	9	90	131	\$9,323	\$71	131	-7%
132	\$10,000	\$76	1	9	90	132	\$9,340	\$71	132	-7%
133	\$10,000	\$75	1	9	90	133	\$9,358	\$70	133	-6%
134	\$10,000	\$75	1	9	90	134	\$9,375	\$70	134	-6%
135	\$10,000	\$74	1	9	90	135	\$9,393	\$70	135	-6%
136	\$10,000	\$74	1	9	90	136	\$9,410	\$69	136	-6%
137	\$10,000	\$73	1	9	90	137	\$9,428	\$69	137	-6%
138	\$10,000	\$72	1	9	90	138	\$9,445	\$68	138	-6%

139	\$10,000	\$72	1	9	90	39	139	\$9,463	\$68	139	-5%
140	\$10,000	\$71	1	9	90	40	140	\$9,480	\$68	140	-5%
141	\$10,000	\$71	1	9	90	41	141	\$9,498	\$67	141	-5%
142	\$10,000	\$70	1	9	90	42	142	\$9,515	\$67	142	-5%
143	\$10,000	\$70	1	9	90	43	143	\$9,533	\$67	143	-5%
144	\$10,000	\$69	1	9	90	44	144	\$9,550	\$66	144	-5%
145	\$10,000	\$69	1	9	90	45	145	\$9,568	\$66	145	-4%
146	\$10,000	\$68	1	9	90	46	146	\$9,585	\$66	146	-4%
147	\$10,000	\$68	1	9	90	47	147	\$9,603	\$65	147	-4%
148	\$10,000	\$68	1	9	90	48	148	\$9,620	\$65	148	-4%
149	\$10,000	\$67	1	9	90	49	149	\$9,638	\$65	149	-4%
150	\$10,000	\$67	1	9	90	50	150	\$9,655	\$64	150	-3%
151	\$10,000	\$66	1	9	90	51	151	\$9,673	\$64	151	-3%
152	\$10,000	\$66	1	9	90	52	152	\$9,690	\$64	152	-3%
153	\$10,000	\$65	1	9	90	53	153	\$9,708	\$63	153	-3%
154	\$10,000	\$65	1	9	90	54	154	\$9,725	\$63	154	-3%
155	\$10,000	\$65	1	9	90	55	155	\$9,743	\$63	155	-3%
156	\$10,000	\$64	1	9	90	56	156	\$9,760	\$63	156	-2%
157	\$10,000	\$64	1	9	90	57	157	\$9,778	\$62	157	-2%
158	\$10,000	\$63	1	9	90	58	158	\$9,795	\$62	158	-2%
159	\$10,000	\$63	1	9	90	59	159	\$9,813	\$62	159	-2%
160	\$10,000	\$63	1	9	90	60	160	\$9,830	\$61	160	-2%
161	\$10,000	\$62	1	9	90	61	161	\$9,848	\$61	161	-2%
162	\$10,000	\$62	1	9	90	62	162	\$9,865	\$61	162	-1%
163	\$10,000	\$61	1	9	90	63	163	\$9,883	\$61	163	-1%
164	\$10,000	\$61	1	9	90	64	164	\$9,900	\$60	164	-1%
165	\$10,000	\$61	1	9	90	65	165	\$9,918	\$60	165	-1%
166	\$10,000	\$60	1	9	90	66	166	\$9,935	\$60	166	-1%
167	\$10,000	\$60	1	9	90	67	167	\$9,953	\$60	167	0%
168	\$10,000	\$60	1	9	90	68	168	\$9,970	\$59	168	0%
169	\$10,000	\$59	1	9	90	69	169	\$9,988	\$59	169	0%
170	\$10,000	\$59	1	9	90	70	170	\$10,005	\$59	170	0%
171	\$10,000	\$58	1	9	90	71	171	\$10,023	\$59	171	0%
172	\$10,000	\$58	1	9	90	72	172	\$10,040	\$58	172	0%
173	\$10,000	\$58	1	9	90	73	173	\$10,058	\$58	173	1%
174	\$10,000	\$57	1	9	90	74	174	\$10,075	\$58	174	1%
175	\$10,000	\$57	1	9	90	75	175	\$10,093	\$58	175	1%
200	\$10,000	\$50	1	9	90	100	200	\$10,530	\$53	200	5%
250	\$10,000	\$40	1	9	90	150	250	\$11,405	\$46	250	14%
280	\$10,000	\$36	1	9	90	180	280	\$11,930	\$43	280	19%
459	\$10,000	\$22	1	9	90	359	459	\$15,063	\$33	459	51%
500	\$10,000	\$20	1	9	90	400	500	\$15,780	\$32	500	58%
560	\$10,000	\$18	1	9	90	460	560	\$16,830	\$30	560	68%
700	\$10,000	\$14	1	9	90	600	700	\$19,280	\$28	700	93%
712	\$10,000	\$14	1	9	90	612	712	\$19,490	\$27	712	95%
750	\$10,000	\$13	1	9	90	650	750	\$20,155	\$27	750	102%
1,000	\$10,000	\$10	1	9	90	900	1,000	\$24,530	\$25	1,000	145%
1,400	\$10,000	\$7	1	9	90	1,300	1,400	\$31,530	\$23	1,400	215%
2,000	\$10,000	\$5	1	9	90	1,900	2,000	\$42,030	\$21	2,000	320%
2,100	\$10,000	\$5	1	9	90	2,000	2,100	\$43,780	\$21	2,100	338%
2,800	\$10,000	\$4	1	9	90	2,700	2,800	\$56,030	\$20	2,800	460%
5,000	\$10,000	\$2	1	9	90	4,900	5,000	\$94,530	\$19	5,000	845%
7,500	\$10,000	\$1	1	9	90	7,400	7,500	\$138,280	\$18	7,500	1283%
10,000	\$10,000	\$1	1	9	90	9,900	10,000	\$182,030	\$18	10,000	1720%

28,000	\$10,000	\$0	1	9	90	27,900	28,000	\$497,030	\$18	28,000	4870%
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Annual \$5,000  
 Additional Scans  
 Blk 1-9 \$70.00  
 Blk 10-99 \$35.00  
 Blk 100 up \$17.50

Annual \$19,500

**PLATINUM SUBSCRIPTION**

**USPS PROPOSED (Weighted Average Number of Scans)**

Weighted Average Number of Scans (Millions)	Millions of Units	Number of First-Class Scans per Unit	Number of Standard Scans per Unit	Total Annual Charge (\$)	First-Class Cost per Million Scans	Standard Cost per Million Scans	Weighted Average Cost per Million Scans (\$)	USPS vs. Current: Proposed Increase %
0.357	1	1	0.2	\$5,000	\$5,000	\$25,000	\$14,000	
0.714	2	2	0.4	\$5,070	\$2,535	\$12,675	\$7,098	
1.071	3	3	0.6	\$5,140	\$1,713	\$8,567	\$4,797	-52%
1.429	4	4	0.8	\$5,210	\$1,303	\$6,513	\$3,647	
1.786	5	5	1	\$5,280	\$1,056	\$5,280	\$2,957	
2.143	6	6	1.2	\$5,350	\$892	\$4,458	\$2,497	
2.500	7	7	1.4	\$5,420	\$774	\$3,871	\$2,168	
2.857	8	8	1.6	\$5,490	\$686	\$3,431	\$1,922	
3.214	9	9	1.8	\$5,560	\$618	\$3,089	\$1,730	
3.571	10	10	2	\$5,630	\$563	\$2,815	\$1,576	
3.929	11	11	2.2	\$5,665	\$515	\$2,575	\$1,442	
4.286	12	12	2.4	\$5,700	\$475	\$2,375	\$1,330	
4.643	13	13	2.6	\$5,735	\$441	\$2,206	\$1,235	
5.000	14	14	2.8	\$5,770	\$412	\$2,061	\$1,154	-42%
5.357	15	15	3	\$5,805	\$387	\$1,935	\$1,084	
5.714	16	16	3.2	\$5,840	\$365	\$1,825	\$1,022	
6.071	17	17	3.4	\$5,875	\$346	\$1,728	\$968	
6.429	18	18	3.6	\$5,910	\$328	\$1,642	\$919	
6.786	19	19	3.8	\$5,945	\$313	\$1,564	\$876	
7.143	20	20	4	\$5,980	\$299	\$1,495	\$837	
7.500	21	21	4.2	\$6,015	\$286	\$1,432	\$802	
7.857	22	22	4.4	\$6,050	\$275	\$1,375	\$770	
8.214	23	23	4.6	\$6,085	\$265	\$1,323	\$741	
8.571	24	24	4.8	\$6,120	\$255	\$1,275	\$714	
8.929	25	25	5	\$6,155	\$246	\$1,231	\$689	
9.286	26	26	5.2	\$6,190	\$238	\$1,190	\$667	
9.643	27	27	5.4	\$6,225	\$231	\$1,153	\$646	
10.000	28	28	5.6	\$6,260	\$224	\$1,118	\$626	-37%
10.357	29	29	5.8	\$6,295	\$217	\$1,085	\$608	
10.714	30	30	6	\$6,330	\$211	\$1,055	\$591	
11.071	31	31	6.2	\$6,365	\$205	\$1,027	\$575	
11.429	32	32	6.4	\$6,400	\$200	\$1,000	\$560	
11.786	33	33	6.6	\$6,435	\$195	\$975	\$546	
12.143	34	34	6.8	\$6,470	\$190	\$951	\$533	
12.500	35	35	7	\$6,505	\$186	\$929	\$520	
12.857	36	36	7.2	\$6,540	\$182	\$908	\$509	
13.214	37	37	7.4	\$6,575	\$178	\$889	\$498	
13.571	38	38	7.6	\$6,610	\$174	\$870	\$487	

**PLATINUM SUBSCRIPTION**

**OCA PROPOSED**

Number of First-Class Scans (Millions)	Total Annual Charge (\$)	Cost per Million Scans (\$)
1	\$19,500	\$19,500
2	\$19,500	\$9,750
3	\$19,500	\$6,500
4	\$19,500	\$4,875
5	\$19,500	\$3,900
6	\$19,500	\$3,250
7	\$19,500	\$2,786
8	\$19,500	\$2,438
9	\$19,500	\$2,167
10	\$19,500	\$1,950
11	\$19,500	\$1,773
12	\$19,500	\$1,625
13	\$19,500	\$1,500
14	\$19,500	\$1,393
15	\$19,500	\$1,300
16	\$19,500	\$1,219
17	\$19,500	\$1,147
18	\$19,500	\$1,083
19	\$19,500	\$1,026
20	\$19,500	\$975
21	\$19,500	\$929
22	\$19,500	\$886
23	\$19,500	\$848
24	\$19,500	\$813
25	\$19,500	\$780
26	\$19,500	\$750
27	\$19,500	\$722
28	\$19,500	\$696
29	\$19,500	\$672
30	\$19,500	\$650
31	\$19,500	\$629
32	\$19,500	\$609
33	\$19,500	\$591
34	\$19,500	\$574
35	\$19,500	\$557
36	\$19,500	\$542
37	\$19,500	\$527
38	\$19,500	\$513

**PLATINUM SUBSCRIPTION**

**% CHG: OCA vs CURRENT**

Number of First-Class Scans (Millions)	Proposed Increase %
1	95%
2	95%
3	95%
4	95%
5	95%
6	95%
7	95%
8	95%
9	95%
10	95%
11	95%
12	95%
13	95%
14	95%
15	95%
16	95%
17	95%
18	95%
19	95%
20	95%
21	95%
22	95%
23	95%
24	95%
25	95%
26	95%
27	95%
28	95%
29	95%
30	95%
31	95%
32	95%
33	95%
34	95%
35	95%
36	95%
37	95%
38	95%

13.929	39	39	7.8	\$6,645	\$170	\$852	\$477		39	\$19,500	\$500	39	95%
14.286	40	40	8	\$6,680	\$167	\$835	\$468		40	\$19,500	\$488	40	95%
14.643	41	41	8.2	\$6,715	\$164	\$819	\$459		41	\$19,500	\$476	41	95%
15.000	42	42	8.4	\$6,750	\$161	\$804	\$450	-33%	42	\$19,500	\$464	42	95%
15.357	43	43	8.6	\$6,785	\$158	\$789	\$442		43	\$19,500	\$453	43	95%
15.714	44	44	8.8	\$6,820	\$155	\$775	\$434		44	\$19,500	\$443	44	95%
16.071	45	45	9	\$6,855	\$152	\$762	\$427		45	\$19,500	\$433	45	95%
16.429	46	46	9.2	\$6,890	\$150	\$749	\$419		46	\$19,500	\$424	46	95%
16.786	47	47	9.4	\$6,925	\$147	\$737	\$413		47	\$19,500	\$415	47	95%
17.143	48	48	9.6	\$6,960	\$145	\$725	\$406		48	\$19,500	\$406	48	95%
17.500	49	49	9.8	\$6,995	\$143	\$714	\$400		49	\$19,500	\$398	49	95%
17.857	50	50	10	\$7,030	\$141	\$703	\$394		50	\$19,500	\$390	50	95%
18.214	51	51	10.2	\$7,065	\$139	\$693	\$388		51	\$19,500	\$382	51	95%
18.571	52	52	10.4	\$7,100	\$137	\$683	\$382		52	\$19,500	\$375	52	95%
18.929	53	53	10.6	\$7,135	\$135	\$673	\$377		53	\$19,500	\$368	53	95%
19.286	54	54	10.8	\$7,170	\$133	\$664	\$372		54	\$19,500	\$361	54	95%
19.643	55	55	11	\$7,205	\$131	\$655	\$367		55	\$19,500	\$355	55	95%
20.000	56	56	11.2	\$7,240	\$129	\$646	\$362	-28%	56	\$19,500	\$348	56	95%
20.357	57	57	11.4	\$7,275	\$128	\$638	\$357		57	\$19,500	\$342	57	95%
20.714	58	58	11.6	\$7,310	\$126	\$630	\$353		58	\$19,500	\$336	58	95%
21.071	59	59	11.8	\$7,345	\$124	\$622	\$349		59	\$19,500	\$331	59	95%
21.429	60	60	12	\$7,380	\$123	\$615	\$344		60	\$19,500	\$325	60	95%
21.786	61	61	12.2	\$7,415	\$122	\$608	\$340		61	\$19,500	\$320	61	95%
22.143	62	62	12.4	\$7,450	\$120	\$601	\$336		62	\$19,500	\$315	62	95%
22.500	63	63	12.6	\$7,485	\$119	\$594	\$333		63	\$19,500	\$310	63	95%
22.857	64	64	12.8	\$7,520	\$118	\$588	\$329		64	\$19,500	\$305	64	95%
23.214	65	65	13	\$7,555	\$116	\$581	\$325		65	\$19,500	\$300	65	95%
23.571	66	66	13.2	\$7,590	\$115	\$575	\$322		66	\$19,500	\$295	66	95%
23.929	67	67	13.4	\$7,625	\$114	\$569	\$319		67	\$19,500	\$291	67	95%
24.286	68	68	13.6	\$7,660	\$113	\$563	\$315		68	\$19,500	\$287	68	95%
24.643	69	69	13.8	\$7,695	\$112	\$558	\$312		69	\$19,500	\$283	69	95%
25.000	70	70	14	\$7,730	\$110	\$552	\$309	-23%	70	\$19,500	\$279	70	95%
25.357	71	71	14.2	\$7,765	\$109	\$547	\$306		71	\$19,500	\$275	71	95%
25.714	72	72	14.4	\$7,800	\$108	\$542	\$303		72	\$19,500	\$271	72	95%
26.071	73	73	14.6	\$7,835	\$107	\$537	\$301		73	\$19,500	\$267	73	95%
26.429	74	74	14.8	\$7,870	\$106	\$532	\$298		74	\$19,500	\$264	74	95%
26.786	75	75	15	\$7,905	\$105	\$527	\$295		75	\$19,500	\$260	75	95%
27.143	76	76	15.2	\$7,940	\$104	\$522	\$293		76	\$19,500	\$257	76	95%
27.500	77	77	15.4	\$7,975	\$104	\$518	\$290		77	\$19,500	\$253	77	95%
27.857	78	78	15.6	\$8,010	\$103	\$513	\$288		78	\$19,500	\$250	78	95%
28.214	79	79	15.8	\$8,045	\$102	\$509	\$285		79	\$19,500	\$247	79	95%
28.571	80	80	16	\$8,080	\$101	\$505	\$283		80	\$19,500	\$244	80	95%
28.929	81	81	16.2	\$8,115	\$100	\$501	\$281		81	\$19,500	\$241	81	95%
29.286	82	82	16.4	\$8,150	\$99	\$497	\$278		82	\$19,500	\$238	82	95%
29.643	83	83	16.6	\$8,185	\$99	\$493	\$276		83	\$19,500	\$235	83	95%
30.000	84	84	16.8	\$8,220	\$98	\$489	\$274	-18%	84	\$19,500	\$232	84	95%
30.357	85	85	17	\$8,255	\$97	\$486	\$272		85	\$19,500	\$229	85	95%
30.714	86	86	17.2	\$8,290	\$96	\$482	\$270		86	\$19,500	\$227	86	95%
31.071	87	87	17.4	\$8,325	\$96	\$478	\$268		87	\$19,500	\$224	87	95%
31.429	88	88	17.6	\$8,360	\$95	\$475	\$266		88	\$19,500	\$222	88	95%

31.786	89	89	17.8	\$8,395	\$94	\$472	\$264		89	\$19,500	\$219	89	95%
32.143	90	90	18	\$8,430	\$94	\$468	\$262		90	\$19,500	\$217	90	95%
32.500	91	91	18.2	\$8,465	\$93	\$465	\$260		91	\$19,500	\$214	91	95%
32.857	92	92	18.4	\$8,500	\$92	\$462	\$259		92	\$19,500	\$212	92	95%
33.214	93	93	18.6	\$8,535	\$92	\$459	\$257		93	\$19,500	\$210	93	95%
33.571	94	94	18.8	\$8,570	\$91	\$456	\$255		94	\$19,500	\$207	94	95%
33.929	95	95	19	\$8,605	\$91	\$453	\$254		95	\$19,500	\$205	95	95%
34.286	96	96	19.2	\$8,640	\$90	\$450	\$252		96	\$19,500	\$203	96	95%
34.643	97	97	19.4	\$8,675	\$89	\$447	\$250		97	\$19,500	\$201	97	95%
35.000	98	98	19.6	\$8,710	\$89	\$444	\$249	-13%	98	\$19,500	\$199	98	95%
35.357	99	99	19.8	\$8,745	\$88	\$442	\$247		99	\$19,500	\$197	99	95%
35.714	100	100	20	\$8,780	\$88	\$439	\$246		100	\$19,500	\$195	100	95%
36.071	101	101	20.2	\$8,798	\$87	\$436	\$244		101	\$19,500	\$193	101	95%
36.429	102	102	20.4	\$8,815	\$86	\$432	\$242		102	\$19,500	\$191	102	95%
36.786	103	103	20.6	\$8,833	\$86	\$429	\$240		103	\$19,500	\$189	103	95%
37.143	104	104	20.8	\$8,850	\$85	\$425	\$238		104	\$19,500	\$188	104	95%
37.500	105	105	21	\$8,868	\$84	\$422	\$236		105	\$19,500	\$186	105	95%
37.857	106	106	21.2	\$8,885	\$84	\$419	\$235		106	\$19,500	\$184	106	95%
38.214	107	107	21.4	\$8,903	\$83	\$416	\$233		107	\$19,500	\$182	107	95%
38.571	108	108	21.6	\$8,920	\$83	\$413	\$231		108	\$19,500	\$181	108	95%
38.929	109	109	21.8	\$8,938	\$82	\$410	\$230		109	\$19,500	\$179	109	95%
39.286	110	110	22	\$8,955	\$81	\$407	\$228		110	\$19,500	\$177	110	95%
39.643	111	111	22.2	\$8,973	\$81	\$404	\$226		111	\$19,500	\$176	111	95%
40.000	112	112	22.4	\$8,990	\$80	\$401	\$225	-10%	112	\$19,500	\$174	112	95%
40.357	113	113	22.6	\$9,008	\$80	\$399	\$223		113	\$19,500	\$173	113	95%
40.714	114	114	22.8	\$9,025	\$79	\$396	\$222		114	\$19,500	\$171	114	95%
41.071	115	115	23	\$9,043	\$79	\$393	\$220		115	\$19,500	\$170	115	95%
41.429	116	116	23.2	\$9,060	\$78	\$391	\$219		116	\$19,500	\$168	116	95%
41.786	117	117	23.4	\$9,078	\$78	\$388	\$217		117	\$19,500	\$167	117	95%
42.143	118	118	23.6	\$9,095	\$77	\$385	\$216		118	\$19,500	\$165	118	95%
42.500	119	119	23.8	\$9,113	\$77	\$383	\$214		119	\$19,500	\$164	119	95%
42.857	120	120	24	\$9,130	\$76	\$380	\$213		120	\$19,500	\$163	120	95%
43.214	121	121	24.2	\$9,148	\$76	\$378	\$212		121	\$19,500	\$161	121	95%
43.571	122	122	24.4	\$9,165	\$75	\$376	\$210		122	\$19,500	\$160	122	95%
43.929	123	123	24.6	\$9,183	\$75	\$373	\$209		123	\$19,500	\$159	123	95%
44.286	124	124	24.8	\$9,200	\$74	\$371	\$208		124	\$19,500	\$157	124	95%
44.643	125	125	25	\$9,218	\$74	\$369	\$206		125	\$19,500	\$156	125	95%
45.000	126	126	25.2	\$9,235	\$73	\$366	\$205	-8%	126	\$19,500	\$155	126	95%
45.357	127	127	25.4	\$9,253	\$73	\$364	\$204		127	\$19,500	\$154	127	95%
45.714	128	128	25.6	\$9,270	\$72	\$362	\$203		128	\$19,500	\$152	128	95%
46.071	129	129	25.8	\$9,288	\$72	\$360	\$202		129	\$19,500	\$151	129	95%
46.429	130	130	26	\$9,305	\$72	\$358	\$200		130	\$19,500	\$150	130	95%
46.786	131	131	26.2	\$9,323	\$71	\$356	\$199		131	\$19,500	\$149	131	95%
47.143	132	132	26.4	\$9,340	\$71	\$354	\$198		132	\$19,500	\$148	132	95%
47.500	133	133	26.6	\$9,358	\$70	\$352	\$197		133	\$19,500	\$147	133	95%
47.857	134	134	26.8	\$9,375	\$70	\$350	\$196		134	\$19,500	\$146	134	95%
48.214	135	135	27	\$9,393	\$70	\$348	\$195		135	\$19,500	\$144	135	95%
48.571	136	136	27.2	\$9,410	\$69	\$346	\$194		136	\$19,500	\$143	136	95%
48.929	137	137	27.4	\$9,428	\$69	\$344	\$193		137	\$19,500	\$142	137	95%
49.286	138	138	27.6	\$9,445	\$68	\$342	\$192		138	\$19,500	\$141	138	95%

49.643	139	139	27.8	\$9,463	\$68	\$340	\$191		139	\$19,500	\$140	139	95%
50.000	140	140	28	\$9,480	\$68	\$339	\$190	-5%	140	\$19,500	\$139	140	95%
50.357	141	141	28.2	\$9,498	\$67	\$337	\$189		141	\$19,500	\$138	141	95%
50.714	142	142	28.4	\$9,515	\$67	\$335	\$188		142	\$19,500	\$137	142	95%
51.071	143	143	28.6	\$9,533	\$67	\$333	\$187		143	\$19,500	\$136	143	95%
51.429	144	144	28.8	\$9,550	\$66	\$332	\$186		144	\$19,500	\$135	144	95%
51.786	145	145	29	\$9,568	\$66	\$330	\$185		145	\$19,500	\$134	145	95%
52.143	146	146	29.2	\$9,585	\$66	\$328	\$184		146	\$19,500	\$134	146	95%
52.500	147	147	29.4	\$9,603	\$65	\$327	\$183		147	\$19,500	\$133	147	95%
52.857	148	148	29.6	\$9,620	\$65	\$325	\$182		148	\$19,500	\$132	148	95%
53.214	149	149	29.8	\$9,638	\$65	\$323	\$181		149	\$19,500	\$131	149	95%
53.571	150	150	30	\$9,655	\$64	\$322	\$180		150	\$19,500	\$130	150	95%
53.929	151	151	30.2	\$9,673	\$64	\$320	\$179		151	\$19,500	\$129	151	95%
54.286	152	152	30.4	\$9,690	\$64	\$319	\$179		152	\$19,500	\$128	152	95%
54.643	153	153	30.6	\$9,708	\$63	\$317	\$178		153	\$19,500	\$127	153	95%
55.000	154	154	30.8	\$9,725	\$63	\$316	\$177	-3%	154	\$19,500	\$127	154	95%
55.357	155	155	31	\$9,743	\$63	\$314	\$176		155	\$19,500	\$126	155	95%
55.714	156	156	31.2	\$9,760	\$63	\$313	\$175		156	\$19,500	\$125	156	95%
56.071	157	157	31.4	\$9,778	\$62	\$311	\$174		157	\$19,500	\$124	157	95%
56.429	158	158	31.6	\$9,795	\$62	\$310	\$174		158	\$19,500	\$123	158	95%
56.786	159	159	31.8	\$9,813	\$62	\$309	\$173		159	\$19,500	\$123	159	95%
57.143	160	160	32	\$9,830	\$61	\$307	\$172		160	\$19,500	\$122	160	95%
57.500	161	161	32.2	\$9,848	\$61	\$306	\$171		161	\$19,500	\$121	161	95%
57.857	162	162	32.4	\$9,865	\$61	\$304	\$171		162	\$19,500	\$120	162	95%
58.214	163	163	32.6	\$9,883	\$61	\$303	\$170		163	\$19,500	\$120	163	95%
58.571	164	164	32.8	\$9,900	\$60	\$302	\$169		164	\$19,500	\$119	164	95%
58.929	165	165	33	\$9,918	\$60	\$301	\$168		165	\$19,500	\$118	165	95%
59.286	166	166	33.2	\$9,935	\$60	\$299	\$168		166	\$19,500	\$117	166	95%
59.643	167	167	33.4	\$9,953	\$60	\$298	\$167		167	\$19,500	\$117	167	95%
60.000	168	168	33.6	\$9,970	\$59	\$297	\$166	0%	168	\$19,500	\$116	168	95%
60.357	169	169	33.8	\$9,988	\$59	\$295	\$165		169	\$19,500	\$115	169	95%
60.714	170	170	34	\$10,005	\$59	\$294	\$165		170	\$19,500	\$115	170	95%
61.071	171	171	34.2	\$10,023	\$59	\$293	\$164		171	\$19,500	\$114	171	95%
61.429	172	172	34.4	\$10,040	\$58	\$292	\$163		172	\$19,500	\$113	172	95%
61.786	173	173	34.6	\$10,058	\$58	\$291	\$163		173	\$19,500	\$113	173	95%
62.143	174	174	34.8	\$10,075	\$58	\$290	\$162		174	\$19,500	\$112	174	95%
62.500	175	175	35	\$10,093	\$58	\$288	\$161		175	\$19,500	\$111	175	95%
71.429	200	200	40	\$10,530	\$53	\$263	\$147		200	\$19,500	\$98	200	95%
89.286	250	250	50	\$11,405	\$46	\$228	\$128		250	\$19,500	\$78	250	95%
100.000	280	280	56	\$11,930	\$43	\$213	\$119	19%	280	\$19,500	\$70	280	95%
163.929	459	459	91.8	\$15,063	\$33	\$164	\$92		459	\$19,500	\$42	459	95%
178.571	500	500	100	\$15,780	\$32	\$158	\$88		500	\$19,500	\$39	500	95%
200.000	560	560	112	\$16,830	\$30	\$150	\$84	68%	560	\$19,500	\$35	501	95%
250.000	700	700	140	\$19,280	\$28	\$138	\$77	93%	700	\$19,500	\$28	700	95%
254.286	712	712	142.4	\$19,490	\$27	\$137	\$77		712	\$19,500	\$27	712	95%
267.857	750	750	150	\$20,155	\$27	\$134	\$75		750	\$19,500	\$26	750	95%
357.143	1,000	1,000	200	\$24,530	\$25	\$123	\$69		1,000	\$19,500	\$20	1,000	95%
500.000	1,400	1,400	280	\$31,530	\$23	\$113	\$63	215%	1,400	\$19,500	\$14	1,400	95%
714.286	2,000	2,000	400	\$42,030	\$21	\$105	\$59		2,000	\$19,500	\$10	2,000	95%
750.000	2,100	2,100	420	\$43,780	\$21	\$104	\$58	338%	2,100	\$19,500	\$9	2,100	95%
1,000.000	2,800	2,800	560	\$56,030	\$20	\$100	\$56	460%	2,800	\$19,500	\$7	2,800	95%
1,785.714	5,000	5,000	1000	\$94,530	\$19	\$95	\$53		5,000	\$19,500	\$4	5,000	95%
2,678.571	7,500	7,500	1500	\$138,280	\$18	\$92	\$52		7,500	\$19,500	\$3	7,500	95%
3,571.429	10,000	10,000	2000	\$182,030	\$18	\$91	\$51		10,000	\$19,500	\$2	10,000	95%

10,000.000	28,000	28,000	5600	\$497,030	\$18	\$89	\$50	4870%	28,000	\$19,500	\$1	28,000	95%
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Table 1  
CONFIRM SERVICE  
USPS Proposed Fees

Annual User Fee	\$5,000
Additional Block User Fee (per 1 million "units")	
Blocks 1 - 9	\$70.00
Block 10 - 99	\$35.00
Blocks 100 +	\$17.50
Additional ID Code Fees	
Annual	\$2,000
Quarterly	\$750
Units per Scan	
First-Class Mail	1
Other Mail Classes	5

Table 2  
CONFIRM SERVICE  
Comparison of Current Fees, and Proposed Fees of USPS and OCA

	Current Fees	USPS Proposed		OCA Proposed	
		Fees	% Change	Fees	% Change
Subscriber/Annual User Fee					
Silver (3 Month)	\$2,000	\$5,000	Varies	\$2,000	0.0%
Gold	\$4,500	\$5,000	11.1%	\$5,200	15.6%
Platinum	\$10,000	\$5,000	-50.0%	\$19,500	95.0%
Additional Block User Fee (per 1 million "units")					
Blocks 1 - 9	NA	\$70.00	NA	NA	NA
Blocks 10 - 99	NA	\$35.00	NA	NA	NA
Blocks 100 +	NA	\$17.50	NA	NA	NA
Additional Block Scan Fee					
Silver (blocks of 2 million)	\$500	NA	NA	\$500	0.0%
Gold (blocks of 6 million)	\$750	NA	NA	\$750	0.0%
Additional ID Code Fees					
Quarterly	\$500	\$750	50.0%	\$750	50.0%
Annual	\$2,000	\$2,000	0.0%	\$2,000	0.0%
Cost Coverage			126.3%		127.3%

