

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

NOTICE OF PRICE ADJUSTMENT

Docket No. R2009-3

UNITED STATES POSTAL SERVICE  
NOTICE OF MARKET-DOMINANT PRICE ADJUSTMENT  
(May 1, 2009)

Pursuant to section 3622 of title 39 and 39 C.F.R. part 3010, the Postal Service hereby provides notice that the Governors have authorized the Postal Service to adjust the prices for its market-dominant products. This adjustment will take effect at 12:01 AM on July 1, 2009, and expire at 11:59 PM on September 30, 2009. This change affects Standard Mail letter and flat prices. In this Notice, the Postal Service provides the information required by Rule 3010.14, including a schedule of the new prices, which is provided in Appendix A.<sup>1</sup>

The Postal Service certifies that it will inform customers of these price adjustments, as required by Rule 3010.14(a)(3). In addition to this Notice, the Postal Service will shortly be publishing notice of these price changes on USPS.com, the Postal Explorer website, the *DMM Advisory*, and the *P&C Weekly*, as well as issuing a Press Release announcing the changes. Thus, widespread notice of these prices is being given 45 days prior to their planned implementation date. Furthermore, the Postal

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<sup>1</sup> Appendix A also contains the proposed Mail Classification Schedule changes.

Service plans to provide public notice of these price changes in future issues of the *PCC Insider*, *MailPro*, *Postal Bulletin*, and *Federal Register*.

The Postal Service, pursuant to Rule 3010.14(a)(4), identifies Mr. Greg Dawson as the official who will be available to provide responses to queries from the Commission. Mr. Dawson's contact information is as follows:

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The remainder of this Notice is structured as follows. In Part I, the Postal Service provides a description of the program, including qualification criteria, measurement methodology, and rebate calculation. In Part II, the Postal Service discusses its compliance with the price cap. In Part III, the Postal Service discusses how its prices are consistent with the objectives and factors of section 3622, and the preferential pricing requirements of section 3626.

## **I. PROGRAM DESCRIPTION**

The Postal Service proposes to implement a Standard Mail Volume Incentive Pricing Program (also known as the "Summer Sale"). The current state of the economy has forced businesses, particularly Postal Service customers, to pull back on important investments necessary for ensuring their continued prosperity. The precipitous decline in the use of Standard Mail for marketing products and services is an illustrative example of the unwanted choices many postal customers have had to make because of the economy. The Postal Service believes it can, and should, find ways to help its

customers increase their use of mail during these challenging economic times. With this in mind, the Standard Mail Volume Incentive Pricing Program offers an incentive to mailers to improve above their expected performance during the summer months, which is typically a low-volume period for the Postal Service and its customers. This “Summer Sale” incentive program not only is designed to increase mail volume, but the timing of the program will take advantage of the Postal Service’s current excess capacity to deliver additional volume at relatively low cost during the summer months.

Moreover, through this initiative, the Postal Service expects to learn a great deal through the administrative execution of the program. For example, the Postal Service will be able to examine potential improvements to postal data systems, and evaluate its communications with customers throughout this process. This evaluation will allow the Postal Service to improve its performance and become more efficient at developing and implementing new programs in the future, as the Postal Service takes advantage of the pricing flexibility provided under the PAEA. Finally, the Postal Service expects to be able to gauge customer satisfaction with the “Summer Sale” concept and the implementation of this initiative, which will help the Postal Service fine-tune future offerings and enhance existing relationships with customers.

The “Summer Sale” program will run from July 1, 2009, through September 30, 2009, and will provide a 30 percent rebate to eligible mailers on Standard Mail letters and flats volume above a mailer-specific threshold. The threshold is calculated by taking the percentage change between a mailer’s postal fiscal year-to-date (October 2008 through March 2009) volume and the volume mailed in the same period last year, and applying that percentage to the volume the mailer mailed between July 1, 2008,

and September 30, 2008. For instance, if a mailer sent 1.1 million pieces between October, 2008 and March, 2009, compared to 1 million between October, 2007 and March, 2008, that mailer's threshold would be 10 percent above (1.1 million divided by 1 million) the volume sent between July 1, 2008, and September 30, 2008. Similarly, if the mailer sent 900 thousand pieces between October, 2008 and March, 2009, but 1 million between October, 2007 and March, 2008, that mailer's threshold would be 10 percent below (900 thousand divided by 1 million) the volume sent between July 1, 2008 and September 30, 2008.

Additionally, to prevent customers from shifting previously planned mailings from October 2009 into the sale period, the Postal Service will measure each mailer's October 2009 volume against the trend computed above. If a mailer is found to have mailed less than trend in October, the shortfall will be deducted from the rebate-eligible total computed above.

#### **A. Eligible Mailers**

To participate, a mailer must be the permit holder (i.e. owner) of a permit imprint advance deposit account(s). Qualifying mailers must be able to demonstrate volume of at least one million Standard Mail letters and flats, between October 1, 2007, and March 31, 2008, for one or more permit imprint advance deposit account(s), precanceled stamp permit(s), or postage meter permit(s). Applicants may also qualify for the program with volume mailed through an account(s) owned by a mail service provider, but only with adequate documentation specifying that the applicant is the owner of the mail.

Mail service providers (MSPs) are not eligible for the program. Consideration was given to opening the “Summer Sale” program to all Standard Mail permit holders. However, after analyzing the incremental new volume and revenue that could be generated, versus the significant additional administrative costs the Postal Service would incur, it was decided that including all permit holders was not financially and administratively practical. Additionally, the Postal Service determined that excluding MSPs from this initiative would help ensure that the volume eligible for the “Summer Sale” rebate would be new volume growth, rather than simply shifts in existing volume.

## **B. Program Administration**

The Postal Service will mail a letter to all identified eligible Standard Mail customers explaining the Summer Sale program and providing them with the Standard Mail letters and flats volume threshold volume their company must exceed to begin earning the 30 percent postage rebate. The letter will further instruct the customer to visit a web site to indicate their desire to participate as well as their agreement or disagreement with the volume threshold number they were provided. Those customers who disagree with their threshold volume number will be contacted by an assigned District Business Services Network (BSN) employee who will provide data from internal postal data systems (PostalOne! and CBCIS) demonstrating how the threshold figure was derived, which can be reconciled with the customer’s data. Any disputes between the customer and the BSN employee may be referred to appropriate personnel at Postal Service Headquarters. Mailers wishing to participate in the program, who believe they meet the eligibility standards and were not notified by letter, may request a review of their eligibility by contacting the USPS at [summersale@usps.gov](mailto:summersale@usps.gov).

The Postal Service will use the threshold thus established to calculate the rebate due the customer at the end of the “Summer Sale” period (July 1, 2009, to September 30, 2009). Once again, volume and revenue data from PostalOne! and CBCIS will be used. The Postal Service will credit any rebate due directly to the customer’s permit account. Additionally, as part of the program administration, the Postal Service will require each mailer (or responsible agent) to certify the data used to calculate the volume thresholds and the rebate payments. This certification requirement will be similar to what is used on a PS Form 3600 Postage Statement. The certification requirement for this initiative is aimed at ensuring that the Postal Service’s calculations of the applicable volume trends, thresholds, and rebates for each qualifying mailer are accurate.

### **C. Financial Impact**

Given the current mix of products within Standard Mail, and the customers likely to take advantage of the sale, the Postal Service expects an incremental revenue increase of between \$38 and \$95 million from new volume (net of the 30 percent rebate).

Expected administrative costs for the Summer Sale are:

Program Support – Dedicated USPS personnel	\$550,000
Contractor analytical support	\$400,000
Registration website creation	\$7,000
Production of customer print communications	<u>\$20,000</u>
Total	\$977,000

Due to the current cost coverage of Standard Mail, enough contribution will be generated from additional volume to easily cover these costs.

#### **D. Risks**

The financial analysis summarized above is the Postal Service's best estimate of the impact of this initiative on Postal Service finances. However, there are inherent risks that may affect the financial performance of this program. In particular, an overestimate of the additional volume generated by the incentive or an underestimate of the administrative effort required could unfavorably affect expected financial performance.

For example, if the Summer Sale produces a volume increase below the lowest estimate, the Postal Service will earn less than expected. Similarly, a misestimate of the administrative costs of the program, either because of a difference in the number of customers who dispute the Postal Service's calculations, or difficulty calculating rebates, would proportionally affect the amount of contribution the Postal Service would receive from the sale.

Finally, approximately one-third of the identified Summer Sale eligible customers are also eligible to participate in the Saturation Mail incentive program. To date, few customers have applied to participate in the Saturation Mail discount making it difficult to speculate how much volume may ultimately qualify for both discounts. However, the Postal Service believe the rules of both programs for qualifying to collect discounts are different enough to make it unlikely that significant volumes will be eligible for both discount programs.

## **II. PRICE CAP COMPLIANCE**

Because the program is temporary, and because there is some uncertainty regarding the amount of new volume that will be generated as a result of the incentive program, the Postal Service proposes to treat the program, for the purposes of price-cap compliance, in a manner mathematically analogous to the procedure described in Rule 3010.24. That is, the Postal Service essentially intends to ignore the effect of the price decrease resulting from the program on the price cap for both future and current prices. Therefore, the Postal Service has made no calculation of cap or price changes described in Rule 3010.14(b)(1) through (4).

## **III. OBJECTIVES AND FACTORS, WORKSHARE DISCOUNTS, AND PREFERRED RATES**

In compliance with Rules 3010.14(b)(5) through (8), the Postal Service in this section discusses how the planned program “help[s] achieve” the objectives of section 3622(b) and “properly take[s] into account” the factors of section 3622(c); how the program impacts workshare discounts, and how its planned prices are consistent with section 3626.

### **A. Objectives and Factors**

The objectives of 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 establishment of this program does not substantially alter the degree to which Standard Mail prices already address these objectives, or they are addressed by the design of the system itself (Objectives 1, 2, 3, 6, 7, 8, and 9). The establishment of this unique “Summer Sale” program, designed to encourage Standard Mail letters and flats volume growth during a typically low-volume period, is an example of the increased flexibility provided to the Postal Service under PAEA (Objective 4). Moreover, the fact that the program will provide an incentive for profitable new mail, and provide a boost to a key customer segment, will enhance the financial position of the Postal Service (Objective 5).

In addition to the objectives specified and discussed above, section 3622(c) enumerates fourteen factors, or considerations, that must be taken into account, which are as follows:

(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 the Objectives of section 3622(b), the establishment of this program does not substantially alter the degree to which Standard Mail prices address many of the Factors of section 3622(c) (Factors 1, 4, 5, 6, 8, 9, 10, 11, 12, 13, and 14). The program is a prime example of how the Postal Service can utilize the pricing flexibility provided under the PAEA in order to encourage increased mail volume and take advantage of the Postal Service's excess capacity during the typically low-volume summer months (Factor 7). Additionally, the "Summer Sale" incentive program will help to counteract the effect of the current economic recession on business mailers, and provides a boost to a key customer segment (Factor 3). In addition, although the discounts provided are substantial, the program will not imperil the ability of Standard Mail to cover its attributable costs (Factor 2). Given the current mix of Standard Mail letters and flats, incremental pieces generated as a result of the program are expected to cover their additional attributable costs, meaning that Standard Mail as a whole will make an increased contribution toward overhead costs. However, given Standard

Mail's high cost coverage (at list prices), even if the Postal Service were to suffer a loss on the incremental pieces generated as a result of the program, it is highly unlikely that the ability of the class as a whole to cover its costs would be imperiled.

### **B. Workshare Discounts**

Workshare discounts for Standard Mail were reviewed by the Commission in Docket No. R2009-1. To the extent that the program affects these discounts, it will shrink them. Thus, any workshare passthrough of 100 percent or less will remain in compliance with the applicable statute, and any passthrough that is greater than 100 percent will become closer to compliance under this program.

### **C. Preferred Rates**

Standard Mail letters and flats entered at Nonprofit prices will be eligible for the same 30 percent discount as mail entered at commercial prices. Because the prices will change proportionally, the 60 percent ratio between the prices will stay the same.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**1200 Standard Mail (Commercial and Nonprofit)****1205 High Density and Saturation Letters****1205.4 Optional Features**

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

- Forwarding-and-Return Service
- Repositionable Notes
- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Certificate of Mailing (1505.6)
- Full-service Intelligent Mail Option
- Saturation Mail Volume Incentive Program-saturation only
- Standard Mail Volume Incentive Program (“Summer Sale”)

**1205.5 Prices***Saturation Letters (3.3 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.182	0.110
DBMC	0.148	0.076
DSCF	0.139	0.067

*High Density Letters (3.3 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.193	0.121
DBMC	0.159	0.087
DSCF	0.150	0.078

*Pieces weighing more than 3.3 ounces*

Letter-shaped pieces that weigh more than 3.3 ounces but not more than 3.5 ounces pay the applicable flats piece and pound rate but receive a discount off the piece rate equal to the minimum flats per piece rate minus the minimum letter per piece rate corresponding to the applicable entry point and density tier.

*Letters including a Repositionable Note*

Add \$0.015 for each letter bearing a Repositionable Note.

*Move Update Noncompliance Charge*

Add \$.07 per piece in a mailing that does not comply with the Move Update standards

*Forwarding-and-Return Service*

If Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.35 per piece and returned letters pay the applicable First-Class Mail price. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

*Full-service Intelligent Mail Option*

Subtract \$0.001 for each letter that complies with the requirements for the full-service Intelligent Mail option.

*Saturation Mail Volume Incentive Program*

Commercial Saturation Letters: Provide a per-piece credit of \$0.037 on incremental volume recorded during the established program period, for mailers that comply with the application and eligibility requirements of the program.

Nonprofit Saturation Letters: Provide a per-piece credit of \$0.022 on incremental volume recorded during the established program period, for mailers that comply with the application and eligibility requirements of the program.

*Standard Mail Volume Incentive Program ("Summer Sale")*

Provide a 30 percent credit on the average per-piece price on the incremental volume of Standard Mail letters and flats recorded during the established program period, over a specified threshold, for mailers that comply with the eligibility requirements of the program.

## **1210 High Density and Saturation Flats/Parcels**

### **1210.4 Optional Features**

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

- Detached Address Labels
- Forwarding-and-Return Services
- Repositionable Notes: flats only
- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Bulk Parcel Return Service: parcels only (1505.4)
  - Certificate of Mailing (1505.6)
  - Delivery Confirmation: parcels only (1505.8)
  - Bulk Insurance: parcels only (1505.9)
  - Return Receipt: parcels only (1505.13)
  - Restricted Delivery: parcels only (1505.15)
  - Shipper-Paid Forwarding: parcels only (1505.16)
- Full-service Intelligent Mail Option: high density flats only
- Saturation Mail Volume Incentive Program-saturation flats only
- Standard Mail Volume Incentive Program (“Summer Sale”)

**1210.5 Prices***Saturation Flats (3.3 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.194	0.120
DBMC	0.160	0.086
DSCF	0.151	0.077
DDU	0.142	0.068

*Saturation Flats (greater than 3.3 ounces)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

## a. Per Piece

	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Per Piece	0.068	0.029

## b. Per Pound

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.609	0.439
DBMC	0.446	0.276
DSCF	0.401	0.231
DDU	0.356	0.186

*Saturation Parcels (3.3 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.451	0.320
DBMC	0.405	0.274
DSCF	0.352	0.221
DDU	0.322	0.191

*Saturation Parcels (greater than 3.3 ounces)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

## a. Per Piece

	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Per Piece	0.280	0.190

## b. Per Pound

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.830	0.630
DBMC	0.609	0.409
DSCF	0.350	0.150
DDU	0.205	0.005

*High Density Flats (3.3 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.220	0.146
DBMC	0.186	0.112
DSCF	0.177	0.103
DDU	0.168	0.094

*High Density Flats (greater than 3.3 ounces)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

## a. Per Piece

	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Per Piece	0.086	0.047

## b. Per Pound

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.649	0.479
DBMC	0.486	0.316
DSCF	0.441	0.271
DDU	0.396	0.226

*High Density Parcels (3.3 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.459	0.328
DBMC	0.413	0.282
DSCF	0.360	0.229
DDU	0.330	0.199

*High Density Parcels (greater than 3.3 ounces)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

## a. Per Piece

	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Per Piece	0.288	0.198

## b. Per Pound

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.830	0.630
DBMC	0.609	0.409
DSCF	0.350	0.150
DDU	0.205	0.005

*Flats including a Repositionable Note*

Add \$0.015 for each flat bearing a Repositionable Note.

*Move Update Noncompliance Charge*

Add \$.07 per piece in a mailing that does not comply with the Move Update standards

*Pieces including a Detached Address Label*

Add \$0.017 for each piece addressed using a Detached Address Label.

*Full-service Intelligent Mail Option*

Subtract \$0.001 for each high density flat that complies with the requirements for the full-service Intelligent Mail option.

*Forwarding-and-Return Service*

If used in conjunction with electronic or automated Address Correction Service, forwarded flats pay \$1.05 per piece and returned flats the applicable First-Class Mail price. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

*Saturation Mail Volume Incentive Program*

Commercial Saturation Flats: Provide a per-piece credit of \$0.04 on incremental volume recorded during the established program period, for mailers that comply with the application and eligibility requirements of the program.

Nonprofit Saturation Flats: Provide a per-piece credit of \$0.024 on incremental volume recorded during the established program period, for mailers that comply with the application and eligibility requirements of the program.

*Standard Mail Volume Incentive Program ("Summer Sale")*

Provide a 30 percent credit on the average per-piece price on the incremental volume of Standard Mail letters and flats recorded during the established program period, over a specified threshold, for mailers that comply with the eligibility requirements of the program.

**1215 Carrier Route****1215.4 Optional Features**

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

- Detached Address Labels: flats and parcels only
- Forwarding-and Return-Services
- Repositionable Notes: letters and flats only
- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Bulk Parcel Return Service: parcels only (1505.4)
  - Certificate of Mailing (1505.6)
  - Delivery Confirmation: parcels only (1505.8)
  - Bulk Insurance: parcels only (1505.9)
  - Return Receipt: parcels only (1505.13)
  - Restricted Delivery: parcels only (1505.15)
  - Shipper-Paid Forwarding: parcels only (1505.16)
- Full-service Intelligent Mail Option: letters and flats only
- Standard Mail Volume Incentive Program (“Summer Sale”)

**1215.5 Prices**

*Carrier Route Letters (3.3 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.262	0.190
DBMC	0.228	0.156
DSCF	0.219	0.147

*Carrier Route Letters (greater than 3.3 ounces)*

Letter-shaped pieces that weigh more than 3.3 ounces but not more than 3.5 ounces pay the applicable flats piece and pound rate but receive a discount off the piece rate equal to the minimum flats per piece rate minus the minimum letter per piece rate corresponding to the applicable entry point and density tier.

*Carrier Route Flats (3.3 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.262	0.190
DBMC	0.228	0.156
DSCF	0.219	0.147
DDU	0.210	0.138

*Carrier Route Flats (greater than 3.3 ounces)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

## a. Per Piece

	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Per Piece	0.118	0.082

## b. Per Pound

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.696	0.526
DBMC	0.533	0.363
DSCF	0.488	0.318
DDU	0.443	0.273

*Carrier Route Parcels (3.3 ounces or less)*

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.584	0.486
DBMC	0.538	0.440
DSCF	0.485	0.387
DDU	0.455	0.357

*Carrier Route Parcels (greater than 3.3 ounces)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

## a. Per Piece

	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Per Piece	0.400	0.340

## b. Per Pound

<b>Entry Point</b>	<b>Commercial (\$)</b>	<b>Nonprofit (\$)</b>
Origin	0.890	0.710
DBMC	0.669	0.489
DSCF	0.410	0.230
DDU	0.265	0.085

*Letters and flats including a Repositionable Note*

Add \$0.015 for each letter or flat bearing a Repositionable Note.

*Move Update Noncompliance Charge*

Add \$.07 per piece in a mailing that does not comply with the Move Update standards

*Flats and Parcels including a Detached Address Label*

Add \$0.017 for each piece addressed using a Detached Address Label.

*Forwarding-and-Return Service*

If used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.35 per piece, forwarded flats pay \$1.05 per piece and returned letters and flats pay the applicable First-Class Mail price. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

*Full-service Intelligent Mail Option*

Subtract \$0.001 for each carrier route letter or flat that complies with the requirements for the full-service Intelligent Mail option.

Standard Mail Volume Incentive Program (“Summer Sale”)

Provide a 30 percent credit on the average per-piece price on the incremental volume of Standard Mail letters and flats recorded during the established program period, over a specified threshold, for mailers that comply with the eligibility requirements of the program.

**1220 Letters****1220.4 Optional Features**

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

- Forwarding-and Return-Services
- Repositionable Notes
- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Certificate of Mailing (1505.6)
- Full-service Intelligent Mail Option: automation letters only
- Standard Mail Volume Incentive Program (“Summer Sale”)

**1220.5 Prices***Automation Letters (3.3 ounces or less)*

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)	5-Digit (\$)	3-Digit (\$)	AADC (\$)	Mixed AADC (\$)
Origin	0.233	0.251	0.253	0.270	0.132	0.150	0.152	0.169
DBMC	0.199	0.217	0.219	0.236	0.098	0.116	0.118	0.135
DSCF	0.190	0.208	0.210	n/a	0.089	0.107	0.109	n/a

*Machinable Letters (3.3 ounces or less)*

Entry Point	Commercial		Nonprofit	
	AADC (\$)	Mixed AADC (\$)	AADC (\$)	Mixed AADC (\$)
Origin	0.256	0.273	0.155	0.172
DBMC	0.222	0.239	0.121	0.138
DSCF	0.213	n/a	0.112	n/a

*Nonmachinable Letters (3.3 ounces or less)*

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.330	0.447	0.491	0.578	0.229	0.346	0.390	0.477
DBMC	0.296	0.413	0.457	0.544	0.195	0.312	0.356	0.443
DSCF	0.287	0.404	0.448	n/a	0.186	0.303	0.347	n/a

*Pieces weighing more than 3.3 ounces*

Letter-shaped pieces that weigh more than 3.3 ounces but not more than 3.5 ounces pay the applicable flats piece and pound rate but receive a discount off the piece rate equal to the minimum flats per piece rate minus the minimum letter per piece rate corresponding to the applicable entry point and density tier.

*Letters including a Repositionable Note*

Add \$0.015 for each letter bearing a Repositionable Note.

*Move Update Noncompliance Charge*

Add \$.07 per piece in a mailing that does not comply with the Move Update standards

*Forwarding-and-Return Service*

If Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.35 per piece and returned letters pay the applicable First-Class Mail price. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

*Full-service Intelligent Mail Option*

Subtract \$0.001 for each automation letter that complies with the requirements for the full-service Intelligent Mail option.

*Standard Mail Volume Incentive Program ("Summer Sale")*

Provide a 30 percent credit on the average per-piece price on the incremental volume of Standard Mail letters and flats recorded during the established program period, over a specified threshold, for mailers that comply with the eligibility requirements of the program.

**1225 Flats****1225.4 Optional Features**

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

- Forwarding-and Return-Services
- Repositionable Notes
- Ancillary Services (1505)
  - Address Correction Service (1505.1)
  - Certificate of Mailing (1505.6)
- Full-service Intelligent Mail Option: automation flats only
- Standard Mail Volume Incentive Program (“Summer Sale”)

**1225.5 Prices**

*Automation Flats (3.3 ounces or less)*

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.346	0.418	0.486	0.496	0.212	0.284	0.352	0.362
DBMC	0.312	0.384	0.452	0.462	0.178	0.250	0.318	0.328
DSCF	0.303	0.375	0.443	n/a	0.169	0.241	0.309	n/a

*Automation Flats (greater than 3.3 ounces)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

## a. Per Piece

	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Per Piece	0.196	0.268	0.336	0.346	0.082	0.154	0.222	0.232

## b. Per Pound

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.725	0.725	0.725	0.725	0.628	0.628	0.628	0.628
DBMC	0.562	0.562	0.562	0.562	0.465	0.465	0.465	0.465
DSCF	0.517	0.517	0.517	n/a	0.420	0.420	0.420	n/a

*Nonautomation Flats (3.3 ounces or less)*

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.367	0.464	0.509	0.558	0.233	0.330	0.375	0.424
DBMC	0.333	0.430	0.475	0.524	0.199	0.296	0.341	0.390
DSCF	0.324	0.421	0.466	n/a	0.190	0.287	0.332	n/a

*Nonautomation Flats (greater than 3.3 ounces)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

## a. Per Piece

	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Per Piece	0.217	0.314	0.359	0.408	0.103	0.200	0.245	0.294

## b. Per Pound

Entry Point	Commercial				Nonprofit			
	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.725	0.725	0.725	0.725	0.628	0.628	0.628	0.628
DBMC	0.562	0.562	0.562	0.562	0.465	0.465	0.465	0.465
DSCF	0.517	0.517	0.517	n/a	0.420	0.420	0.420	n/a

*Customized Market Mail Prices*

	Commercial (\$)	Nonprofit (\$)
Per Piece	0.460	0.334

*Flats including a Repositionable Note*

Add \$0.015 for each flat bearing a Repositionable Note.

*Move Update Noncompliance Charge*

Add \$.07 per piece in a mailing that does not comply with the Move Update standards

*Forwarding-and-Return Service*

If Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, forwarded flats pay \$1.05 per piece and returned flats pay the applicable First-Class Mail price. All other flats requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

*Full-service Intelligent Mail Option*

Subtract \$0.001 for each automation flat that complies with the requirements for the full-service Intelligent Mail option.

*Standard Mail Volume Incentive Program (“Summer Sale”)*

Provide a 30 percent credit on the average per-piece price on the incremental volume of Standard Mail letters and flats recorded during the established program period, over a specified threshold, for mailers that comply with the eligibility requirements of the program.