

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

FIRST-CLASS MAIL GROWTH INCENTIVE AND
MARKETING MAIL GROWTH INCENTIVE

Docket No. R2023-3

**UNITED STATES POSTAL SERVICE NOTICE OF MARKET DOMINANT
PRICE CHANGE CREATING TWO INCENTIVES**

By its attorneys:

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I. Overview

The Governors of the United States Postal Service have authorized two new incentives designed to promote the growth of First-Class Mail (the “First-Class Mail Growth Incentive”) and USPS Marketing Mail (the “Marketing Mail Growth Incentive”). The Postal Service submits the planned incentives for review pursuant to 39 C.F.R. part 3030.

The intended effective dates of both incentives is January 1, 2024, and the promotion — the incentive period — runs through December 31, 2024. 39 C.F.R. § 3030.122(c).

The Postal Service is publicizing the incentives in press releases, industry alerts, and on PostalPro and usps.com. The Postal Service will also provide notice in future issues of the *Postal Bulletin* and the *Federal Register*. 39 C.F.R. § 3030.122(b).

Changes to the Mail Classification Schedule (MCS) in legislative format necessary to implement the incentives follow this notice as Attachment A. 39 C.F.R. § 3030.122(d).

The Postal Service identifies Steven Mills as the official available to respond to Commission inquiries, 39 C.F.R. § 3030.122(e):

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475 L’Enfant Plaza SW
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The balance of this notice addresses the remaining applicable requirements of 39 C.F.R. §§ 3030.122 and 3030.123 and is structured as follows:

- Section II describes the First-Class Mail and Marketing Mail Growth Incentives.
- Section III describes the financial impact of the incentives.
- Section IV discusses why the incentives are not workshare discounts. 39 C.F.R. § 3030.123(i).
- Section V discusses why the incentives are rates of general applicability and why they may, in future rate cases, generate cap space and be included in rate authority calculations. 39 C.F.R. §§ 3030.122(i), 3030.123(j).
- Section VI discusses the inapplicability to an incentive-only rate case of 39 C.F.R. § 3030.221, which generally requires the Postal Service to raise rates at least two percentage points above average when price cases affect compensatory classes that contain non-compensatory products. While we believe that the inapplicability of the rule to this case is clear when considering the language of the Commission's rules as a whole and the underlying purpose of § 3030.221, the Postal Service addresses it in detail given that there is some ambiguity in the text of the rules.
- And section VII discusses why the incentives are consistent with the preferential rates requirements of 39 U.S.C. §§ 3626, 3627, and 3629.

II. The Incentives

Promotions and incentives build stronger relationships between the Postal Service and the mailing industry and encourage mailers to continue to use the mail to engage with their customers, expand their customer base, and increase

customer loyalty. At the same time, promotions and incentives have the potential to improve the Postal Service's overall financial position. Given this, and given declining volume trends, the Postal Service is proposing two incentives to grow mail volume, one for First-Class Mail (the "First-Class Mail Growth Incentive") and one for USPS Marketing Mail (the "Marketing Mail Growth Incentive").

The two incentives are substantially identical. A mailer is eligible for the First-Class Mail Growth Incentive when its combined volume of qualifying pieces in the incentive period, calendar year 2024, exceed the incentive threshold. Qualifying pieces are pieces mailed as —

- First-Class Mail Presort Letters;
- First-Class Mail Presort Cards; or
- First-Class Mail Presort Flats.

Similarly, a mailer is eligible for the Marketing Mail Growth Incentive when its combined volume of qualifying pieces in calendar year 2024 exceed the incentive threshold. Qualifying pieces are pieces mailed as —

- Marketing Mail Letters and High Density/Saturation Letters;
- Marketing Mail Flats and High Density/Saturation Flats & Parcels;
- Marketing Mail Carrier Route; or
- Marketing Mail Parcels.

Under both incentives, for every qualifying piece mailed in calendar year 2024 after the first million pieces, mailers receive a credit equal to 30 percent of the average per-piece price paid for mailing all qualifying pieces, unless the volume of qualifying pieces the mailer sent in the preceding fiscal year exceeded 1,000,000 pieces. In that case, credits accrue only after the mailer surpasses its fiscal year 2023 volume of qualifying pieces.

For example, for either incentive, if a mailer sent 900,000 qualifying pieces in fiscal year 2023, the mailer earns credits for pieces mailed in calendar year 2024 beginning with piece 1,000,001. But if a mailer sent 2 million qualifying pieces in fiscal 2023, then this mailer earns credits for pieces mailed in calendar year 2024 beginning with piece 2,000,001.

The use of calendar year 2024 for the incentive period and fiscal year 2023 for the comparison period is intentional. Doing so allows the Postal Service time to complete the administrative setup of the incentives before the incentive period begins.

Calculating the credits earned is somewhat complex. There is more than one qualifying product for each incentive, and within any given product, pieces of different weights, sortation levels, and dropship locations have different prices.

Accordingly, for each incentive, the credits earned are equal to the average actual per-piece price paid for all qualifying volume, after other incentives and promotions, i.e., the total actual price paid for all qualifying pieces (not including any special services that might be added to and paid for with these pieces), divided by the total volume of qualifying pieces. This average is then applied to the total volume of pieces eligible for credits.

For example, assume a mailer sends 5 million qualifying pieces in calendar year 2024 and sent 4.5 million qualifying pieces in fiscal year 2023. Table 1 shows how those 5 million pieces were distributed across three products and the prices the hypothetical mailer paid. The example uses generic product names because it illustrates both incentives.

Table 1: Example Credit Calculation, Qualifying Pieces and Prices Paid

Product	# Qualifying Pieces	\$ Per-piece	Total \$ Paid
1	500,000	0.193	96,500
2	3,000,000	0.30	900,000
3	1,500,000	1.465	2,197,500
TOTAL	5,000,000		3,194,000

Given that the mailer paid \$3,194,000 for 5 million qualifying pieces, the average per-piece price is $\$3,194,000 / 5,000,000 = \0.639 .

The mailer's fiscal year 2023 qualifying volume was 4.5 million pieces, so it earns credits only on the last 500,000 pieces of the 5 million it mailed.

Thirty percent of the average, per-piece price paid of \$0.639 for 500,000 qualifying pieces equals a credit of:

$$500,000 * 0.639 * 0.30 = \$95,850.$$

Distributed across the total mailing of 5 million pieces that generated \$3.2 million, the actual, per-piece credit is a much lower 3 percent.

Credits will be issued in July and October 2024 and in January or February 2025. Once issued, a mailer may use credits any time before the end of calendar year 2025.

Finally, credits from the First-Class Mail Growth Incentive can only be used for future mailings of qualifying First-Class Mail pieces. Credits from the Marketing Mail Growth Incentive can only be used for future mailings of qualifying Marketing Mail pieces.

III. Financial Impact

The Postal Service used historical data from prior incentive programs, recent mail volume trends, and scenario modeling to estimate the effects of the incentives. The Postal Service has filed its financial models with this notice, three Excel workbooks called “Marketing Mail Incentive_Projections.xls”, “First Class Mail Incentive_Projections.xls”, and “CY24 Consolidated Incentives_Projections.xlsx.” The high and low values of the estimated ranges discussed here represent plus and minus 25 percent of the volume figures used in the models.

The Postal Service estimates that the combined incentives will have the financial effects in Table 2.

Table 2: Combined Marketing Mail and First-Class Mail Growth Incentive Financial Estimates (in millions)

	Low Estimate	High Estimate
Incremental Volume (pieces)	2,676	4,460
Incremental Revenue (\$)	\$ 804	\$ 1,340
Credit (\$)	\$ 241	\$ 402
Incremental Contribution (\$)	\$ 108	\$ 180

See, “CY24 Consolidated Incentives_Projections.xlsx”.

Broken out by incentive, the Postal Service estimates that approximately 17 percent of Marketing Mail volume will earn credits during the incentive period. See “Marketing Mail Incentive_Projections.xls” at tab “Inputs”, cell C:17. By using a range of results from prior Marketing Mail incentive programs and simulating customer behavior using recent volume trends, the Postal Service estimates that the Marketing Mail Growth incentive will spur between \$544 and \$907 million in

growth revenue (i.e., revenue for additional volume that is sent because of the availability of the incentive), at a cost of \$163 to \$272 million in credits and create a net contribution of \$17 to \$28 million, as in Table 3.

Table 3: Marketing Mail Growth Incentive Financial Estimates

	Low Estimate	High Estimate
Incremental Volume (pieces)	2,131	3,552
Incremental Revenue (\$)	\$ 544	\$ 907
Credit (\$)	\$ 163	\$ 272
Incremental Contribution (\$)	\$ 17	\$ 28

See, "Marketing Mail Incentive_Projections.xls" at tab "Summary Range", cells C11:C14, E11:E14.

The Postal Service performed a similar financial analysis for the First-Class Mail Growth Incentive and estimates that approximately 9 percent of First-Class Mail volume will earn credits. "First Class Incentive_Projections.xls" at tab "Inputs", cell C17. Again by using a range of results from prior First-Class Mail incentive programs and simulating customer behavior using recent volume trends, the Postal Service estimates this incentive will spur \$259 to \$432 million in growth revenue, pay \$78 to \$130 million in credits, and result in \$91 to \$152 million in net contribution, as in Table 4.

Table 4: First-Class Mail Growth Incentive Financial Estimates

	Low Estimate	High Estimate
Incremental Volume (pieces)	545	908
Incremental Revenue (\$)	\$ 259	\$ 432
Credit (\$)	\$ 78	\$ 130
Incremental Contribution (\$)	\$ 91	\$ 152

See, "First Class Mail Incentive_Projections.xls" at tab "Summary Range", cells C11:C14, E11:E14.

IV. Workshare Discount

Neither the First-Class Mail Growth Incentive nor the Marketing Mail Growth Incentive are workshare discounts. The incentives provide no price reduction for worksharing. Rather, because they are designed to encourage growth in volume, the incentives provide credits based solely upon the increase in volume of eligible pieces, regardless of weight or distance mailed and regardless of the dropship level or sortation level of the eligible pieces. The First-Class Mail and Marketing Mail Growth Incentives, in short, meet the Commission's definition of a rate incentive: "a discount that is not a workshare discount and that is designed to increase or retain volume, improve the value of mail for mailers, or improve the operations of the Postal Service." 39 C.F.R. § 3030.101(i).

V. Rates of General Applicability and Generating Rate Adjustment

Authority

As this case only creates two new incentives, it proposes only a decrease in rates. Under 39 C.F.R. § 3030.123(i), the Postal Service must state whether it elects to generate unused rate adjustment authority.

The Postal Service does elect to have the First-Class Mail and Marketing Mail Growth incentives generate unused rate adjustment authority. However, sufficient billing determinants do not yet exist for the incentives to be included in any percentage calculation for a change in rates. 39 C.F.R. § 3030.128(f)(2)(ii).

The incentive period is planned to run through calendar year 2024, with credits issued to mailers beginning only in July 2024. The soonest, therefore, that the Postal Service would have sufficient billing determinants to include the incentives in a percentage calculation for a change in rates and generate rate adjustment authority, then, would be an omnibus rate case in 2025, and the Postal Service will likely do so at that time.

This requires, however, that the First-Class Mail and Marketing Mail Growth Incentives be rates of general applicability. They are.

To begin with, the Postal Service notes that the Commission is still conducting its reconsideration exercise that would define all of the parameters of, and requirements for, rules of general applicability and that certain aspects of the applicable rules are not currently in force. Docket No. RM2020-5, Order Adopting Final Rules regarding Rate Incentives for Market Dominant Products, May 15, 2020 (Order No. 5510); Docket No. RM2020-5, Notice of Intent to Reconsider, Aug. 26, 2020, at 2 (Order No. 5655); Docket No. RM2020-5, Notice of Proposed Rulemaking to Amend Rules Regarding Rate Incentives for Market Dominant Products, Nov. 14, 2022 (Order No. 6325). That said, even if these rules were fully in force, the incentives here would comply.

First, the incentives will be made available to all mailers equally on the same terms and conditions. 39 C.F.R. § 3010.101(q). This has been the Commission's overriding concern about general applicability. See, e.g. Order No. 5510 at 6, 10; Docket No. RM2020-5, Notice of Proposed Rulemaking to Amend Rules Regarding Rate Incentives for Market Dominant Products, Feb. 14, 2020,

at 8-9 (Order No. 5433); Docket No. RM21014-3, Order Adopting Final Rules on the Treatment of Rate Incentives Etc., June 3, 2014, at 28-29 (Order No. 2086).

Here, all mailers may participate in the First-Class Mail and Marketing Mail Growth Incentives, the only eligibility requirement being the mailing of at least 1 million qualifying pieces of First-Class Mail or Marketing Mail during the incentive period in calendar year 2024.

Of course, larger volume mailers are more likely to participate in the incentives than smaller volume mailers are, but that has no effect on the general applicability of the incentives. The Commission has long stated that incentives targeted toward a certain type of mail or mailer do not contravene the principle of basic fairness and can still be rates of general applicability, provided that the incentive is available to all mailers and none are excluded if they wish to participate. Order No. 2086 at 28-29.

Further, the Commission has also explained that a rate is not a rate of general applicability if eligibility is dependent on factors other than the characteristics of the mail to which the rate applies, and it has proposed that those characteristics do not include the volume of mail sent by a mailer in the past. Order No. 2086 at 20-22, 25; Order No. 6325 at 3, attachment p.1.

By contrast, the Commission has also held that volume sent by a mailer under an incentive is a characteristic of the mail to which to rate applies, Order No. 2086 at 15; Order No. 6325 at 9. Thus, incentives whose eligibility is conditioned on a mailer sending a certain number of pieces in the incentive year are rates of general applicability. Order No. 6325 at 9.

Here, again, even assuming the applicability of the Commission's proposed rule regarding prior years' volume, the only eligibility requirement for the First-Class Mail and Marketing Mail Growth Incentives is that a mailer send at least 1 million qualifying pieces of First-Class Mail or Marketing Mail during the incentive period in calendar year 2024. The use of a mailer's fiscal year 2023 volume is not a condition of eligibility. All mailers can qualify and participate regardless of their fiscal year 2023 volume. Rather, that volume is considered simply as a straightforward measure of the extent to which growth has occurred in the incentive period, and it applies equally to all mailers in any event. That is, the incentives allot every participant's credits in exactly the same way: 30 percent of the average, actual per-piece price paid for each mailer's increase in volume.

Finally, as to general applicability, as all mailers are eligible and the Postal Service anticipates that many mailers will participate, the incentives do not benefit a single mailer, nor is any written agreement between the Postal Service and a mailer, a group of mailers, or a foreign postal operator required to receive credits under the incentives.

VI. Raising Prices on Non-Compensatory Products in Compensatory Classes

This is the first non-omnibus Market Dominant rate case since the adoption of the Commission's 10-Year Review rules, and it appears to raise a question of first impression concerning the application of these rules.

In the 10-Year Review, the Commission found that non-compensatory products (in compensatory classes) "are not reasonably or efficiently priced and

therefore threaten the financial integrity of the Postal Service because revenue from these products fails to cover costs.” Docket No. RM2017-3, Order Adopting Final Rules for the System of Regulating Rates and Classes for Market Dominant Products, Nov. 30, 2020 at 182 (Order No. 5763). As such, the Commission adopted 39 C.F.R. § 3030.221, which generally requires the Postal Service to raise rates at least two percentage points above average when price cases affect a compensatory class that includes non-compensatory products:

Whenever the Postal Service files a rate adjustment filing affecting a class of mail which includes a product where the attributable cost for that product exceeded the revenue from that product, as determined by the Commission, the Postal Service shall increase the rates for each non-compensatory product by a minimum of 2 percentage points above the percentage increase for that class....

In the context of a Market Dominant rate case where the Postal Service is adjusting prices across all classes and products, application of this rule is, of course, straightforward.

However, in the context of a rate case where the Postal Service seeks only to create discounts or incentives — a rate case such as this one, in other words, in which the Postal Service is only lowering prices — the question arises whether this section applies at all. The Postal Service believes that it does not apply to this case, for the reasons discussed below.

First, applying 39 C.F.R. § 3030.221 to rate cases in which the Postal Service only seeks to lower prices creates a conflict with other Commission regulations.

Reading “*Whenever*” in 39 C.F.R. § 3030.221 to mean “in every case in which there are non-compensatory products in a compensatory class” would

make the regulation applicable to this case. The Marketing Mail Growth Incentive defines as eligible pieces those that are mailed as —

- Marketing Mail Letters and High Density/Saturation Letters;
- Marketing Mail Flats and High Density/Saturation Flats & Parcels;
- Marketing Mail Carrier Route; or
- Marketing Mail Parcels.

And in its FY 2022 Annual Compliance Determination, the Commission found that while Marketing Mail as a class is compensatory, Marketing Mail Flats, Carrier Route, and Parcels were non-compensatory products. Docket No. ACR2022, Annual Compliance Determination Report, Mar. 29, 2023 at 2. This case, therefore, affects a compensatory class containing non-compensatory products.

Indeed, reading “*Whenever*” to mean “in every case” would make 39 C.F.R. § 3030.221 applicable to all cases where the Postal Service only seeks to lower rates. However, 39 C.F.R. § 3030.123(i) expressly contemplates and permits the Postal Service to bring rate cases in which it only lowers prices: “For a rate adjustment that only includes a decrease in rates, a statement of whether the Postal Service elects to generate unused rate adjustment authority.”

Applying 39 C.F.R. § 3030.221 to all cases in which the Postal Service seeks to lower rates, then, conflicts with 39 C.F.R. § 3030.123(i) and makes it impossible for the Postal Service to bring a rate case that only lowers prices, at least if there is a non-compensatory product in a compensatory class.

Regulations should be read to avoid this kind of conflict. *See, e.g., Lengerich v. Dep’t. of Interior*, 454 F. 3d 1367, 1370 (Fed. Cir. 2006) (the court must consider “the text of the regulation as a whole, reconciling the section in question with

other sections related to it”); *First Charter Financial Corp. v. United States*, 669 F2d 1342, 1350 (9th Cir. 1982) (“Construction which gives effect to all of the words of a statute or regulation is preferred over an interpretation which renders some of the statute or regulation ineffective”).

Second, as a practical matter, applying 39 C.F.R. § 3030.211 to incentive-only rate cases can defeat the purpose of the discounts created and provides a disincentive to the Postal Service for developing and implementing new discounts. Why would the Postal Service introduce discounts when it would have to raise prices, possibly on the same product for which it is offering the discount, at the same time?

That said, 39 C.F.R. § 3030.211 is best read to avoid these problems and apply only to rate cases in which the Postal Service proposes to raise prices.

The Postal Service also does not believe that the Commission intended to apply 39 C.F.R. § 3030.211 to incentive-only rate cases. In both proposed rules (Order Nos. 4258 and 5337) and in the final rule (Order No. 5763) of the Ten-Year Review, the Commission only discusses the requirement in 39 C.F.R. § 3030.211 in the context of omnibus rate cases, or at least rate cases where the Postal Service is raising prices. For example, in adopting final 39 C.F.R. § 3030.221, the Commission stated:

The proposed rules addressing non-compensatory products are designed to stop the trend of declining cost coverage for these products and move cost coverage toward 100 percent. *Id.* at 157-158. The Commission performed a scenario-based analysis *to determine the appropriate level of price increases for non-compensatory products* and found that price adjustments of this type are likely to have positive results on cost coverage. *Id.* at 158-161; see Order No. 4258 at 78-80. The Commission determined that the above-average price increase requirement is

appropriate because it balances the need for mailers to pay reasonable rates (rates that do not threaten the financial integrity of the Postal Service) with the need for the Postal Service to reduce costs. Order No. 5337 at 161.

Order No. 5763 at 182 (emphasis added).

The Commission does not discuss the applicability of 39 C.F.R. § 3030.221 to rate cases in which the Postal Service only proposes to lower prices. Nor is any rational purpose served by applying this rule to such a case. By requiring that the Postal Service implement above-average price increases for non-compensatory products, the rule is fundamentally intended to ensure that the Postal Service dedicates a specific portion of its rate adjustment authority to non-compensatory products. But in an incentive-only case, the Postal Service is not deciding how to use its rate adjustment authority: rather, the Postal Service is either generating additional authority for use in a later case, or not using that authority at all.

Thus the phrase in 39 C.F.R. § 3030.221, "... the Postal Service shall increase the rates for each non-compensatory product by a minimum of 2 percentage points above the percentage increase for that class" can easily, and should, mean, "the Postal Service shall increase the rates for each non-compensatory product by a minimum of 2 percentage points above the percentage increase for that class when there is a percentage increase for that class."

VII. Preferential Rates

Lastly, under 39 C.F.R. § 3030.122(g), the Postal Service must demonstrate that the planned incentives are consistent with the preferred rates requirements of 39 U.S.C. §§ 3626, 3627, and 3629.

Neither 39 U.S.C. § 3627 nor 39 U.S.C. § 3629 is implicated here because the Postal Service is not altering free rates, nor is it making any changes to the availability of nonprofit Marketing Mail rates to State or local voting officials.

The only relevant requirement here is 39 U.S.C. § 3626(a)(6), which requires that Nonprofit USPS Marketing Mail prices be set to achieve an average revenue per piece that is, as nearly as practicable, 60 percent of the commercial average revenue per piece.

It is possible that the proposed incentives will affect the mix of commercial and nonprofit Marketing Mail that the Postal Service receives in 2024 and thus the ratio of per-piece revenue between them. The incentives may, for example, increase the relative volume of commercial Marketing Mail. It is also possible, however, that because 2024 is an election year, there will be a parallel increase in nonprofit Marketing Mail. In any event, the incentives are equally available to both commercial and nonprofit Marketing Mail volume, so there is no inherent reason to believe that the mix will change.

However, and again, mailers will receive credits under the incentive only in July 2024, October 2024, and January or February 2025, and the credits expire only at the end of December 2025. If the incentives affect the ratio of the average per-piece revenues of commercial and nonprofit pieces, the Postal Service will

not see the effect until the latter half of 2024, at the earliest, and possibly into 2025.

Be that as it may, volume shifts between commercial and nonprofit Marketing Mail occur regularly, and the shifts cause changes in the ratio of average per-piece revenue, which the Postal Service adjusts in its rate cases to remain in compliance with 39 U.S.C. § 3626(a)(6).

Regardless, then, of the causes of future shifts in volume between commercial and nonprofit Marketing Mail, the Postal Service will appropriately price commercial and nonprofit Market Mail in all of its upcoming omnibus rate cases.

ATTACHMENT A

NB: The starting point for these proposed changes the is Commission's MCS file current through July 9, 2023.

MARKET DOMINANT PRODUCTS

1100 First-Class Mail

1110 Presorted Letters/Postcards

1110.4 Optional Features

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

- Ancillary Services (1505)
 - Address Correction Service (1505.1)
 - Certified Mail (1505.5)
 - Certificate of Mailing (1505.6)
 - Collect on Delivery (1505.7)
 - Insurance (1505.9)
 - Return Receipt (1505.13)
- Competitive Ancillary Services (2645)
 - Package Intercept Service (2645.2)
- Full-service Intelligent Mail Option: Automation Letters and Automation Postcards Only
- Seamless Incentive: Automation Letters and Automation Postcards Only
- Picture Permit Imprint Indicia
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 2023 to July 31, 2023)
- Emerging and Advanced Technology Promotion (May 1, 2023 to November 30, 2023)
- Personalized Color Transpromo Promotion (February 1, 2023 to July 31, 2023)
- Informed Delivery Promotion (August 1, 2023 to December 31, 2023)
- Retargeting Mail Promotion (September 1, 2023 to November 30, 2023)
- First-Class Mail Growth Incentive (January 1, 2024 to December 31, 2024)

1110.5 Prices

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, 2023 to July 31, 2023)*

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

*Emerging and Advanced Technology Promotion (May 1, 2023 to
November 30, 2023)*

Provide a three or four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in technological experience, or were automatically generated by the recipient's applicable online activities. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a three percent discount, while technology featuring high barriers to entry will receive a four percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program.

*Personalized Color Transpromo Promotion (February 1, 2023 to July 31,
2023)*

Provide a three or four percent discount on qualifying postage for First-Class Mail presort and automation letters sent during the established program period. All mailpieces must contain bills or statements with dynamic variable color messaging. In addition, in mailpieces sent by a prior year's participant the color messaging will be required to be personalized to the recipient, unless it meets the exceptions in the program requirements for sales-related content. The color messaging must be on the bill or statement and be for marketing or consumer information purposes. Qualifying mail that does not include Courtesy Reply Mail or Business Reply Mail will receive a three percent discount, while mailers receive a four percent discount for Courtesy Reply Mail or Business Reply Mail inclusion. To receive the discount, mailers must comply with the eligibility requirements of the program.

Informed Delivery Promotion (August 1, 2023 to December 31, 2023)

Provide a four percent discount for the mailer and a half percent incentive for the mail preparer on the qualifying postage for First-Class Mail automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

Retargeting Promotion (September 1, 2023 to November 30, 2023)

Provide a five percent discount to mailers on qualifying postage for First-Class Mail automation postcards that were mailed as a result of website or app behavior during the established program period. Mailers must be preapproved prior to participation.

First-Class Mail Growth Incentive (January 1, 2024 to December 31, 2024)

Provide credits for growth in volume of First-Class Mail Presort Letters, Presort Cards, and Presort Flats (eligible pieces). Minimum 1 million pieces required during the incentive period. Credits equal 30 percent of overall, average per-piece price paid for eligible pieces during the incentive period. Credits earned *only* for pieces exceeding mailer's FY 2023 volume of eligible pieces. Credits earned may only be used toward future mailings of eligible pieces. Mailers must enroll and meet incentive terms.

1115 Flats

1115.4 Optional Features

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

- Ancillary Services (1505)
 - Address Correction Service (1505.1)
 - Business Reply Mail (1505.3)
 - Certified Mail (1505.5)
 - Certificate of Mailing (1505.6)
 - Collect on Delivery (1505.7)
 - Insurance (1505.9)
 - Registered Mail (1505.12)
 - Return Receipt (1505.13)
- Competitive Ancillary Services (2645)
 - Package Intercept Service (2645.2)
- Full-service Intelligent Mail option: Automation Flats Only
- Seamless Incentive: Automation Flats Only
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 2023 to July 31, 2023)
- Emerging and Advanced Technology Promotion (May 1, 2023 to November 30, 2023)
- Informed Delivery Promotion (August 1, 2023 to December 31, 2023)
- First-Class Mail Growth Incentive (January 1, 2024 to December 31, 2024)

1115.5 Prices

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, 2023 to July 31, 2023)*

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

Emerging and Advanced Technology Promotion (May 1, 2023 to November 30, 2023)

Provide a three or four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in technological experience, or were automatically generated by the recipient's applicable online activities. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a three percent discount, while technology featuring high barriers to entry will receive a four percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program.

Informed Delivery Promotion (August 1, 2023 to December 31, 2023)

Provide a four percent discount for the mailer and a half percent incentive for the mail preparer on the qualifying postage for First-Class Mail automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

First-Class Mail Growth Incentive (January 1, 2024 to December 31, 2024)

Provide credits for growth in volume of First-Class Mail Presort Letters, Presort Cards, and Presort Flats (eligible pieces). Minimum 1 million pieces required during the incentive period. Credits equal 30 percent of overall, average per-piece price paid for eligible pieces during the incentive period. Credits earned *only* for pieces exceeding mailer's FY 2023 volume of eligible pieces. Credits earned may only be used toward future mailings of eligible pieces. Mailers must enroll and meet incentive terms.

1200 USPS Marketing Mail (Commercial and Nonprofit)

1205 High Density and Saturation Letters

1205.5 Optional Features

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

- Forwarding-and-Return Service
- Ancillary Services (1505)
 - Address Correction Service (1505.1)
 - Certificate of Mailing (1505.6)
- Full-service Intelligent Mail Option
- Seamless Incentive
- Picture Permit Imprint Indicia
- Plus One
- Emerging and Advanced Technology Promotion (May 1, 2023 to November 30, 2023)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 2023 to July 31, 2023)
- Informed Delivery Promotion (August 1, 2023 to December 31, 2023)
- Marketing Mail Growth Incentive (January 1, 2024 to December 31, 2024)

1205.6 Prices

Emerging and Advanced Technology Promotion (May 1, 2023 to November 30, 2023)

Provide a three or four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in technological experience, or were automatically

generated by the recipient's applicable online activities. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a three percent discount, while technology featuring high barriers to entry will receive a four percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program.

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, 2023 to July 31, 2023)*

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

Informed Delivery Promotion (August 1, 2023 to December 31, 2023)

Provide a four percent discount for the mailer and a half percent incentive for the mail preparer on the qualifying postage for First-Class Mail automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

Marketing Mail Growth Incentive (January 1, 2024 to December 31, 2024)

Provide credits for growth in volume of Marketing Mail Letters, Flats, Parcels, Carrier Route, High Density & Saturation Letters, and High Density & Saturation Flats & Parcels (eligible pieces). Minimum 1 million pieces required during the incentive period. Credits equal 30 percent of overall, average per-piece price paid for eligible pieces during the incentive period. Credits earned *only* for pieces exceeding mailer's FY 2023 volume of eligible pieces. Credits earned may only be used toward future mailings of eligible pieces. Mailers must enroll and meet incentive terms.

1210 High Density and Saturation Flats/Parcels

1210.5 Optional Features

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

- Detached Address Labels: – except for Simplified Address flats and Letters
- Forwarding-and-Return Service
- Ancillary Services (1505)
 - Address Correction Service (1505.1)
 - Certificate of Mailing (1505.6)
 - USPS Tracking: parcels only (1505.8)
 - Bulk Insurance: parcels only (1505.9)
- Full-service Intelligent Mail Option: High Density and High Density Plus Flats Only
- Seamless Incentive: High Density and High Density Plus Flats Only
- Picture Permit Imprint Indicia: Letters Only
- Emerging and Advanced Technology Promotion (May 1, 2023 to November 30, 2023)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 2023 to July 31, 2023)
- Informed Delivery Promotion (August 1, 2023 to December 31, 2023)
- Marketing Mail Growth Incentive (January 1, 2024 to December 31, 2024)

1210.6 Prices

Emerging and Advanced Technology Promotion (May 1, 2023 to November 30, 2023)

Provide a three or four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in technological experience, or were automatically generated by the recipient's applicable online activities. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a three percent discount, while technology featuring high barriers to entry will receive a four percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program.

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, 2023 to July 31, 2023)*

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

Informed Delivery Promotion (August 1, 2023 to December 31, 2023)

Provide a four percent discount for the mailer and a half percent incentive for the mail preparer on the qualifying postage for First-Class Mail automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

Marketing Mail Growth Incentive (January 1, 2024 to December 31, 2024)

Provide credits for growth in volume of Marketing Mail Letters, Flats, Parcels, Carrier Route, High Density & Saturation Letters, and High Density & Saturation Flats & Parcels (eligible pieces). Minimum 1 million pieces required during the incentive period. Credits equal 30 percent of overall, average per-piece price paid for eligible pieces during the incentive period. Credits earned *only* for pieces exceeding mailer's FY 2023 volume of eligible pieces. Credits earned may only be used toward future mailings of eligible pieces. Mailers must enroll and meet incentive terms.

1215 Carrier Route

1215.5 Optional Features

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

- Forwarding-and-Return Services
- Ancillary Services (1505)
 - Address Correction Service (1505.1)
 - Certificate of Mailing (1505.6)
 - USPS Tracking: parcels only (1505.8)
 - Bulk Insurance: parcels only (1505.9)
- Full-service Intelligent Mail Option: Letters and Flats Only
- Seamless Incentive: Letters and Flats Only
- Picture Permit Imprint Indicia: Letters Only
- Emerging and Advanced Technology Promotion: Letters and Flats Only (May 1, 2023 to November 30, 2023)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Letters and Flats Only (February 1, 2023 to July 31, 2023)
- Informed Delivery Promotion (August 1, 2023 to December 31, 2023)
- Marketing Mail Growth Incentive (January 1, 2024 to December 31, 2024)

1215.6 Prices

Emerging and Advanced Technology Promotion: Letters and Flats Only (May 1, 2023 to November 30, 2023)

Provide a three or four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in technological experience, or were automatically generated by the recipient's applicable online activities. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a three percent discount,

while technology featuring high barriers to entry will receive a four percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program.

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion:
Letters and Flats Only (February 1, 2023 to July 31, 2023)*

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

Informed Delivery Promotion (August 1, 2023 to December 31, 2023)

Provide a four percent discount for the mailer and a half percent incentive for the mail preparer on the qualifying postage for First-Class Mail automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

Marketing Mail Growth Incentive (January 1, 2024 to December 31, 2024)

Provide credits for growth in volume of Marketing Mail Letters, Flats, Parcels, Carrier Route, High Density & Saturation Letters, and High Density & Saturation Flats & Parcels (eligible pieces). Minimum 1 million pieces required during the incentive period. Credits equal 30 percent of overall, average per-piece price paid for eligible pieces during the incentive period. Credits earned *only* for pieces exceeding mailer's FY 2023 volume of eligible pieces. Credits earned may only be used toward future mailings of eligible pieces. Mailers must enroll and meet incentive terms.

1220 Letters

1220.5 Optional Features

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

- Forwarding-and-Return Services
- Ancillary Services (1505)
 - Address Correction Service (1505.1)
 - Certificate of Mailing (1505.6)
- Full-service Intelligent Mail Option: Automation Letters Only
- Seamless Incentive: Automation Letters Only
- Picture Permit Imprint Indicia
- Emerging and Advanced Technology Promotion (May 1, 2023 to November 30, 2023)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 2023 to July 31, 2023)
- Informed Delivery Promotion (August 1, 2023 to December 31, 2023)
- Marketing Mail Growth Incentive (January 1, 2024 to December 31, 2024)

1220.6 Prices

Emerging and Advanced Technology Promotion (May 1, 2023 to November 30, 2023)

Provide a three or four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in technological experience, or were automatically generated by the recipient's applicable online activities. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a three percent discount, while technology featuring high barriers to entry will receive a four percent

discount. To receive the discount, mailers must comply with the eligibility requirements of the program.

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, 2023 to July 31, 2023)*

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

Informed Delivery Promotion (August 1, 2023 to December 31, 2023)

Provide a four percent discount for the mailer and a half percent incentive for the mail preparer on the qualifying postage for First-Class Mail automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

Marketing Mail Growth Incentive (January 1, 2024 to December 31, 2024)

Provide credits for growth in volume of Marketing Mail Letters, Flats, Parcels, Carrier Route, High Density & Saturation Letters, and High Density & Saturation Flats & Parcels (eligible pieces). Minimum 1 million pieces required during the incentive period. Credits equal 30 percent of overall, average per-piece price paid for eligible pieces during the incentive period. Credits earned *only* for pieces exceeding mailer's FY 2023 volume of eligible pieces. Credits earned may only be used toward future mailings of eligible pieces. Mailers must enroll and meet incentive terms.

1225 Flats

1225.5 Optional Features

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

- Forwarding-and-Return Services
- Ancillary Services (1505)
 - Address Correction Service (1505.1)
 - Certificate of Mailing (1505.6)
- Full-service Intelligent Mail Option: Automation Flats Only
- Seamless Incentive: Automation Flats Only
- Picture Permit Imprint Indicia: Letters Only
- Emerging and Advanced Technology Promotion (May 1, 2023 to November 30, 2023)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 2023 to July 31, 2023)
- Informed Delivery Promotion (August 1, 2023 to December 31, 2023)
- Marketing Mail Growth Incentive (January 1, 2024 to December 31, 2024)

1225.6 Prices

Emerging and Advanced Technology Promotion (May 1, 2023 to November 30, 2023)

Provide a three or four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in technological experience, or were automatically generated by the recipient's applicable online activities. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a three percent discount, while technology featuring high barriers to entry will receive a four percent

discount. To receive the discount, mailers must comply with the eligibility requirements of the program.

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, 2023 to July 31, 2023)*

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

Informed Delivery Promotion (August 1, 2023 to December 31, 2023)

Provide a four percent discount for the mailer and a half percent incentive for the mail preparer on the qualifying postage for First-Class Mail automation letters, postcards, and flats, and USPS Marketing Mail automation letters and flats that are sent during the established program period, and which incorporate Informed Delivery campaigns as a component of their mailings. To receive the discount, mailers must comply with the eligibility requirements of the program.

Marketing Mail Growth Incentive (January 1, 2024 to December 31, 2024)

Provide credits for growth in volume of Marketing Mail Letters, Flats, Parcels, Carrier Route, High Density & Saturation Letters, and High Density & Saturation Flats & Parcels (eligible pieces). Minimum 1 million pieces required during the incentive period. Credits equal 30 percent of overall, average per-piece price paid for eligible pieces during the incentive period. Credits earned *only* for pieces exceeding mailer's FY 2023 volume of eligible pieces. Credits earned may only be used toward future mailings of eligible pieces. Mailers must enroll and meet incentive terms.

1230 Parcels

1230.5 Optional Features

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

- Forwarding-and-Return Services
- Ancillary Services (1505)
 - Address Correction Service (1505.1)
 - Bulk Parcel Return Service (1505.4)
 - Certificate of Mailing (1505.6)
 - USPS Tracking (1505.8)
 - Bulk Insurance (1505.9)
 - Return Receipt (1505.13)
 - Shipper-Paid Forwarding: parcels only (1505.16)
- Marketing Mail Growth Incentive (January 1, 2024 to December 31, 2024)

1230.6 Prices

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded parcels pay \$7.66 per piece. All other parcels requesting Forwarding-and-Return Service that are returned are charged the appropriate USPS Ground Advantage or Priority Mail price for the piece multiplied by a factor of 2.472.

Non-barcoded Parcels Surcharge

For non-barcoded parcels, add \$0.040 per piece. The surcharge does not apply to pieces sorted to 5-Digit ZIP Codes.

Marketing Mail Growth Incentive (January 1, 2024 to December 31, 2024)

Provide credits for growth in volume of Marketing Mail Letters, Flats, Parcels, Carrier Route, High Density & Saturation Letters, and High Density & Saturation Flats & Parcels (eligible pieces). Minimum 1 million pieces required during the incentive period. Credits equal 30 percent of

overall, average per-piece price paid for eligible pieces during the incentive period. Credits earned *only* for pieces exceeding mailer's FY 2023 volume of eligible pieces. Credits earned may only be used toward future mailings of eligible pieces. Mailers must enroll and meet incentive term