

709 Experimental Classifications and Rates

Overview

- [1.0 General Requirements for Negotiated Service Agreements \(NSAs\)](#)
- [2.0 Capital One Services, Inc. NSA](#)
- [3.0 Outside-County Periodicals Copalletization Drop-Ship Classification](#)
- [4.0 Outside-County Periodicals Copalletization Drop-Ship Discounts for High-Editorial, Heavy-Weight, Small-Circulation Publications](#)
- [5.0 Parcel Return Services](#)
- [6.0 Priority Mail Flat-Rate Box](#)

1.0 General Requirements for Negotiated Service Agreements (NSAs)

1.1 Basic Information

1.1.1 Definition and Purpose

A negotiated service agreement (NSA) is a customized and mutually beneficial contractual agreement between the USPS and a specific mailer (customer or organization). An NSA provides for customized pricing, rates, and classifications under the terms and conditions established in the NSA and may include modifications to current mailing standards and other postal requirements. Any mailer may submit an application for an NSA if the mailer meets the requirements in [1.2](#) and follows the process in [1.3](#). [G911.1.1]

1.1.2 Legal Framework

Terms and conditions of an NSA affecting rates or classifications require that the USPS request a recommended decision from the Postal Rate Commission before the USPS may approve and implement the NSA. NSAs must be recommended and approved under 39 U.S.C. 36 and the Postal Rate Commission's rules of practice and procedure. [G911.1.2]

1.2 Candidate Factors and Requirements

1.2.1 Factors

The USPS considers the following factors in evaluating any candidate's NSA proposal:

- a. Candidate's presentation of information as requested by the USPS to document the following:
 1. Current mailing systems, postage payment systems, and quality control procedures and programs.
 2. Historical data showing mail volumes and use of specific mail services or mailpiece characteristics, as applicable. The candidate, as necessary, must also provide the effect on mail volumes of any corporate mergers, acquisitions, divestitures, and similar events.

709.1.2.2

- b. Candidate's ability to make and present in an acceptable format accurate forecasts of future mail volumes for USPS products and services proposed for an NSA.
- c. Candidate's ability to collect necessary data in an acceptable format to support an NSA.
- d. Candidate's willingness to establish and maintain electronic systems and quality control programs as specified by the USPS for paying postage and generating records to facilitate monitoring and reconciling mail volumes, rates, and fees, including volumes and postage paid by a mail preparation agent on behalf of the candidate.
- e. Candidate's production of mail using a formal system to ensure proper mail preparation and accurate postage calculations.
- f. Candidate's use or planned implementation of a Certified Mail preparation total quality program to ensure proper mail preparation and to provide accurate documentation of mailings and postage payment. [G911.2.1]

1.2.2 General Requirements

No proposed NSA may have an overall negative financial impact on the USPS. Any proposed NSA must also contain, at a minimum, the following general candidate requirements and conditions:

- a. The candidate must permit USPS inspection of mail content to determine rate eligibility.
- b. The candidate must prepare mail under current applicable mailing standards, unless they are to be modified under a proposed NSA.
- c. The candidate must meet and adhere to quality management standards for the classes of mail and rates claimed.
- d. The candidate must make available to the USPS necessary records and data related to the NSA in a form that facilitates monitoring of compliance with the terms and conditions of the NSA.
- e. The candidate must provide proper specified notice to cancel the NSA.
- f. The USPS has the right to cancel the NSA at any time with specified proper notice for any failure or, where appropriate, material failure of the mailer to:
 - 1. Use the NSA within the time period specified in the NSA.
 - 2. Provide accurate data, present properly prepared and paid mailings, or comply with any other material term or condition in the NSA.
- g. The candidate must engage counsel and file testimony as necessary in support of the NSA before the Postal Rate Commission. [G911.2.2]

1.3 Application Process**1.3.1 Initial Proposal**

A mailer seeking to enter into an NSA with the USPS must submit a written proposal, with appropriate supporting documentation, to the USPS manager of Pricing Strategy (see [608.8.0](#) for address). The proposal must contain the reasons

for requesting the NSA along with a summary of the information responding to the applicable candidate features and general requirements described in 1.2. A nondisclosure agreement must be signed before any substantive discussion of the proposal. [G911.3.1]

1.3.2 Negotiations and Contractual Agreement

As a result of the proposal, the candidate and the USPS may enter into negotiations to establish an NSA, with terms and conditions specific to the candidate, that is either a functionally equivalent NSA (i.e., comparable to an existing baseline NSA) or a new baseline NSA (i.e., not comparable to an existing NSA). A candidate in the negotiation process may withdraw a proposal for an NSA at any time prior to the execution of the NSA. Once the NSA is executed, the NSA is controlled by its terms and conditions. [G911.3.2]

1.3.3 Additional Consideration

If the USPS decides to end negotiations with the candidate before reaching an agreement to enter into an NSA under 1.1, the manager of Pricing Strategy notifies the candidate in writing and gives the reasons for the decision. Within 15 days from the receipt of the written explanation, the candidate may ask for reconsideration of the manager's decision. The candidate's request for reconsideration must include additional information and reasons why negotiations for an NSA should be resumed. The candidate submits the request for reconsideration through the manager of Pricing Strategy to the vice president of Pricing and Classification (see 608.8.0 for address). [G911.3.3]

2.0 Capital One Services, Inc. NSA

2.1 Agreement

The negotiated service agreement (NSA) that was the subject of Docket MC2002-2 requires Capital One Services, Inc. (Capital One) to receive electronic notification for undeliverable First-Class Mail solicitations instead of physical return of the pieces. The notices are to be provided through the Address Change Service (ACS) program (see 507.3.2) and the usual electronic address correction fee is to be waived. Capital One also agrees to maintain and enhance address and mail preparation quality. In exchange for Capital One's receipt of the electronic notice for its First-Class Mail solicitations and its compliance with the terms of the NSA, Capital One would have available declining block rates of postage for volumes above stated thresholds. A copy of the NSA is filed with the Postal Rate Commission in Docket No. MC2002-2 as Attachment G to the Postal Service's Request for a Recommended Decision and can be found at www.prc.gov. [G912.1.0]

2.2 Features

2.2.1 Requirements

To be considered comparable to the NSA in 2.1, a proposed NSA must have the following features:

- a. Use of First-Class Mail for matter that qualifies for Standard Mail rates.
- b. Waiver of seal against postal inspection of mail as agreed to by the mailer.

709.2.2.2

- c. Computation of First-Class Mail postage by the use of declining block rates specified in the NSA and based on particular volume requirements that define incremental discount thresholds. The mail subject to the NSA must relate only to the mailer's products and services.
- d. Preparation of mail under applicable standards unless otherwise specified in the NSA.
- e. Adherence to the following address quality standards for the rates claimed:
 1. Participation in Address Change Service (ACS) under [507.3.2](#) using the endorsement "Change Service Requested" as described in [507.1.5.1](#) for undeliverable-as-addressed (UAA) mail.
 2. [\[02-03-05\]](#) Use of National Change of Address Linkage System (NCOA^{Link}), *FASTforward*, or other premailing USPS-approved method for meeting the move update standards in [233.3.3](#) for letters, [333.3.3](#) for flats, and [433.3.4](#) for parcels, for Presorted First-Class Mail and [233.5.1](#) for letters and [333.5.1](#) for flats for automation rate First-Class Mail. In addition to those standards, addresses used on mailings must be updated more frequently than 180 days or as required by the NSA.
- f. Overall positive financial impact on the USPS. A minimum payment or transactional penalty is required to ensure a positive contribution.
- g. Agreement to make necessary records and data available to the USPS to facilitate and monitor compliance.
- h. Ability of the USPS to cancel the NSA for any failure or, where appropriate, material failure of the mailer:
 1. To provide accurate data.
 2. To present properly prepared and paid mailings.
 3. To comply with a material term of the NSA.
 4. To use the NSA. [\[G912.2.1\]](#)

2.2.2 Candidate Factors

The following factors are considered by the USPS in evaluating a proposal for a comparable NSA under [1.0](#):

- a. Presentation by the mailer of at least 3 years of historical data to document mail volumes (including UAA mail), mailing systems and postage payment systems in use, and quality control procedures. The effect on mail volumes of any corporate mergers, acquisitions, divestitures, and similar events must also be provided.
- b. Ability to make and present in an acceptable format accurate forecasts of future mail volumes for USPS products and services proposed for the NSA.
- c. Ability to collect necessary data in an acceptable format to support the NSA.
- d. Willingness to establish and maintain an active Centralized Automated Payment System (CAPS) for postage payment and to generate records monitoring mail volumes and discounts.

- e. Production of mail using an automated system to ensure proper mail preparation and accurate postage calculations.
- f. Implementation of a quality control program to ensure proper mail preparation and to provide accurate documentation of mailings and postage payment. [G912.2.2]

2.3 Application

2.3.1 Initial Request

A mailer seeking to enter into an NSA with the USPS comparable to the NSA under [1.0](#) must submit a written proposal, together with appropriate supporting documentation, to the USPS manager of Pricing Strategy (see [608.8.0](#) for address). The proposal must contain a general statement of the reasons for requesting the NSA, and a summary of the information addressing the elements of comparability described in [2.2.1](#) and [2.2.2](#). [G912.3.1]

2.3.2 Negotiation

As a result of the proposal, the mailer and the USPS may negotiate a service agreement comparable to the NSA under [1.0](#), but with terms and conditions specific to the mailer. To take effect as an experimental mail classification, the comparable NSA must be recommended and approved pursuant to Chapter 36 of Title 39 of the United States Code, and the Postal Rate Commission's rules of practice and procedure. A mailer may withdraw its proposal for a comparable NSA at any time prior to agreement. Once concluded, a comparable NSA is controlled by its terms and conditions. Nothing in these regulations prohibits a mailer from seeking an NSA not comparable to the NSA under [2.1](#). [G912.3.2]

2.3.3 Determination Not to Conclude a Comparable NSA

If negotiations between the mailer and the USPS end without the parties reaching an agreement comparable to the NSA under [2.1](#), the mailer may request that the manager of Pricing Strategy (see [608.8.0](#) for address) explain the determination in writing. The mailer may ask for reconsideration of the decision to end negotiations within 15 days from the receipt of the written explanation. The request for reconsideration may include additional information and reasons why negotiations for a comparable NSA should be resumed, and should be submitted through the manager of Pricing Strategy to the Vice President, Pricing and Classification (see [608.8.0](#) for address). [G912.3.3]

3.0 Outside-County Periodicals Copalletization Drop-Ship Classification

3.1 Eligibility

3.1.1 Description

The standards in [3.0](#) apply to mailings that are produced by mailers and consolidators who are approved to participate in the Outside-County Periodicals Copalletization Drop-Ship Classification experiment. [G991.1.1]

709.3.1.2

3.1.2 Rate Application

The Outside-County Copalletization Drop-Ship Classification discounts apply to pieces meeting the standards in 3.0. [G991.1.2]

3.1.3 Basic Standards

The basic standards for copalletized mailings are as follows:

- a. Each mailing must consist of at least two different Periodicals publications or two different editions, segments, or versions of a Periodicals publication.
- b. Each mailing must be presented with the correct postage statement(s). Mailings consisting of different Periodicals publications must be accompanied by a separate postage statement for each publication. Mailings consisting of different editions or versions of the same Periodicals publication must be accompanied by one consolidated postage statement and a register of mailings.
- c. Each mailing must meet the documentation and postage payment standards outlined in 3.0 and 707.16.0.
- d. Each mailing must be entered and postage paid at the post office where consolidation takes place, except that postage for publications authorized under the Centralized Postage Payment (CPP) system may be paid to the Pricing and Classification Service Center (PCSC). Each publication included in a mailing under these standards must be authorized for original entry or additional entry at the post office where the consolidated mailing is entered. [G991.1.3]

3.1.4 Discount Eligibility

To be eligible for one of the discounts, mailpieces must be:

- a. Part of a Periodicals mailing meeting the standards in 707.22.0, 707.25.0, or 705.9.0.
- b. Part of a mailing segment with less than 250 pounds per title or version per ADC destination, if independently presorted. This includes mail for an ADC service area that remains after finer levels of pallets are prepared.
- c. Prepared as bundles on pallets.
- d. Prepared on either an ADC or SCF pallet of copalletized pieces. Mailers may build on ADC or SCF pallets of 250 or more pounds prepared as part of the original presort. However, the pieces originally on these pallets (250 or more pounds per title or edition) do not qualify for the copalletization discounts.
- e. Drop-shipped to the appropriate DADC or DSCF. [G991.1.4]

3.2 Documentation

Each mailing must be accompanied by documentation meeting the standards in 707.17.0, as well as any other mailing information requested by the USPS to support the postage claimed (e.g., advertising percentage and weight per copy). Documentation must be presented by title and version, segment, or edition; or by codes representing each title and version, segment, or edition included in the copalletized mailing. In addition, documentation for the copalletized mailing must:

- a. Upon request, include presort reports showing how the pieces would have been prepared prior to copalletization.
- b. Include presort and pallet reports showing how the copalletized pieces are prepared and where they will be entered (DADC or DSCF).
- c. Distinguish publications or segments that do not qualify for the copalletization discounts (e.g., because there are 250 or more pounds to an ADC destination) from those that do qualify for the discounts.
- d. Allow easy reconciliation with reports prepared to reflect how mail would have been prepared prior to copalletization if requested to verify compliance with standards for discount eligibility. [G991.2.0]

3.3 Data Reporting

Each month, the mailer or consolidator must provide the following data in spreadsheet format using the model spreadsheet and timelines provided by the USPS. The data must be sent via email to copal@usps.gov.

- a. Number of titles receiving one or both of the copalletization discounts.
- b. Number of sacks that would have been prepared without copalletization, as well as the weight and the number of addressed pieces that would have been in these sacks.
- c. Number of pallets that would have been prepared without copalletization, as well as the weight and the number of addressed pieces that would have been prepared on pallets.
- d. Number of sacks prepared after copalletization, as well as the weight and the number of addressed pieces in these sacks.
- e. Number of pallets containing mail qualifying for the ADC copalletization discount, as well as the weight and the number of addressed pieces receiving the ADC discount on these pallets.
- f. Number of pallets containing mail qualifying for the SCF copalletization discount, as well as the weight and the number of addressed pieces receiving the SCF discount on these pallets. [G991.3.0]

3.4 Available Discounts

The following discounts are available:

- a. For pieces sorted to an SCF or ADC pallet of 250 or more pounds and drop shipped to the appropriate DADC: \$0.007 per piece.
- b. For pieces sorted to an SCF pallet of 250 or more pounds and drop shipped to the appropriate DSCF: \$0.01 per piece.
- c. Copalletized pieces sorted to overflow DSCF or DADC pallets qualify for the corresponding copalletization discount.
- d. Copalletized pieces sorted to ADC pallets weighing between 100 and 250 pounds and drop shipped to the appropriate DADC: \$0.007 per piece. [G991.4.0]

3.5 Request to Participate

A mailer or consolidator may request approval to mail in the experimental Outside-County Periodicals Copalletization Drop-Ship test by submitting a written request to the manager, Mailing Standards (see [608.8.0](#) for address). The request must be accompanied by the following:

- a. A completed application form (available from the manager, Mailing Standards).
- b. A process map and narrative demonstrating how and where presort and copalletization reports (including “before” and “after” data) are created as they relate to mail movement and consolidation of bundles to be copalletized. The map and narrative must also describe mail movement from production through the copalletization process to dispatch to destination entry postal facilities.
- c. Samples of all required documentation that must be provided at the time of mailing, including “before” and “after” reports and postage statements. The sample reports must demonstrate:
 1. How the copalletized portion of the mailing is segregated from other mailing segments on the “before” reports.
 2. How mailing jobs, mailing segments, and containers will be identified in both “before” and “after” reports to allow reconciliation of the reports.
 3. How pieces appearing on the “after” reports that qualify for the copalletization discounts (mailing segments with less than 250 pounds to an ADC) are differentiated from those that do not (mailing segments with 250 or more pounds to an ADC).
- d. An explanation of how data for mailings included under the copalletization experiment will be collected and reported to the USPS, including whether the model spreadsheet provided by the USPS can be used.
- e. A list of the publications to be included initially in the test and evidence that each publication has obtained the appropriate additional entry authorization at the office where mailings will be verified and postage paid. The list must indicate if the publications are authorized under the Centralized Postage Payment (CPP) system. If the applicant is not a printer and/or is consolidating publications for other printers, a list of these printers must be included with the application. [G991.5.0]

3.6 Decision on Request

The manager, Mailing Standards, approves or denies a written request to participate in the experimental Outside-County Periodicals Copalletization Drop-Ship Classification test. If the application is approved, the mailer or consolidator will be notified in writing by the manager, Mailing Standards. Initial approval is for a conditional 90-day period. When the mailer or consolidator has demonstrated the ability to prepare and enter mailings under the standards in [3.0](#), final authorization will be granted. If the application is denied, the mailer or consolidator may file at a later date or submit additional information needed to support the request.

[G991.6.0]

3.7 USPS Suspension

The manager, Mailing Standards, may suspend at any time an approval to participate in the experiment when there is an indication that postal revenue is not fully protected. The manager will notify the participant in writing of the decision. The suspension becomes effective upon the mailer's receipt of the notification.

[G991.7.0]

4.0 Outside-County Periodicals Copalletization Drop-Ship Discounts for High-Editorial, Heavy-Weight, Small-Circulation Publications**4.1 Eligibility****4.1.1 Description**

The standards in 4.0 apply to mailings that are produced by mailers and consolidators who are approved to use the outside-county Periodicals copalletization drop-ship discounts for high-editorial, heavy-weight, small-circulation publications. [G992.1.1]

4.1.2 Rate Application

The outside-county copalletization drop-ship per-pound discounts apply to pieces meeting the standards in 4.0. [G992.1.2]

4.1.3 Basic Standards

The basic standards for eligibility under 4.0 are as follows:

- a. The advertising content of the publication must be 15 percent or less.
- b. The weight per copy must be 9 ounces or more.
- c. The total mailed circulation must be 75,000 addressed pieces or less (including all editions, issues, and supplemental mailings).
- d. Each mailing must consist of at least two different Periodicals publications or two different editions, segments, or versions of a Periodicals publication. Each mailing must be presented with the correct postage statement(s) and register of mailing. Mailings consisting of different Periodicals publications must be accompanied by separate postage statements for each publication. Mailings consisting of different editions or versions of the same Periodicals publication must be accompanied by one consolidated postage statement and a register of mailings.
- e. Each mailing must meet the documentation and postage payment standards outlined in 4.2 and 707.16.0 and 707.17.0.
- f. Each mailing must be entered, and postage must be paid, at the post office where consolidation takes place, except that postage for publications authorized under the Centralized Postage Payment (CPP) system may be paid to the Pricing and Classification Service Center (PCSC). Each publication included in a mailing under these standards must be authorized for original entry or additional entry at the post office where the copalletized mailing is entered. [G992.1.3]

709.4.1.4

4.1.4 Discount Eligibility

To be eligible for the discounts, mailpieces must be:

- a. Part of a Periodicals mailing meeting the standards in [705.9.0](#) through [705.13.0](#), [707.22.0](#), [707.23.0](#), [707.25.0](#), or [707.26.0](#).
- b. Part of a mailing segment with less than 250 pounds per title or version per ADC destination, if independently presorted. This includes mail for an ADC service area that remains after finer levels of pallets are prepared.
- c. Prepared as bundles on pallets under [705.8.0](#), or under [705.9.0](#) through [705.13.0](#).
- d. Prepared on either an ADC or SCF pallet of copalletized pieces. Mailers may build on ADC or SCF pallets of 250 or more pounds prepared as part of the original presort. However, the pieces originally on these pallets (250 or more pounds per title or edition) do not qualify for the copalletization discounts.

[G992.1.4]

4.2 Documentation

Each mailing must be accompanied by documentation meeting the standards in [708.1.0](#), as well as any other mailing information requested by the USPS to support the postage claimed (e.g., advertising percentage and weight per copy).

Documentation must be presented by title and version, segment, or edition; or by codes representing each title and version, segment, or edition included in the copalletized mailing. In addition, documentation for the copalletized mailing must:

- a. Include a detailed listing documenting the distribution of total advertising and editorial pounds to each zone “before” copalletization, based on origin entry of the mail (i.e., entry at the plant or the local post office for the plant, where it is printed and presorted into bundles ready for copalletization and mailing).
- b. Upon request, include presort reports showing how the pieces would have been prepared prior to copalletization.
- c. Include presort and pallet reports showing how the copalletized pieces are prepared and where they will be entered (DADC or DSCF).
- d. Distinguish publications or segments that do not qualify for the copalletization discounts (e.g., because there are 250 or more pounds to an ADC destination) from those that do qualify for the discounts (e.g., existing per-piece copalletization discounts and new per-pound discount).
- e. Allow easy reconciliation with reports prepared to reflect how mail would have been prepared prior to copalletization if requested to verify compliance with standards for discount eligibility. [G992.2.0]

4.3 Data Reporting

Each month, the mailer or consolidator must provide the following data via e-mail to copal@usps.gov in spreadsheet format using the model spreadsheet and timelines provided by the USPS:

- a. Number of titles receiving the new copalletization discounts for high editorial publications.

- b. Number of sacks that would have been prepared without copalletization, as well as the total weight, the editorial weight, and the number of addressed pieces that would have been in these sacks, by destination ADC and destination SCF.
- c. Number of sacks prepared after copalletization, as well as the weight and the number of addressed pieces in these sacks.
- d. Number of pallets containing mail qualifying for the ADC copalletization discounts, as well as the weight and the number of addressed pieces receiving the ADC discount on these pallets. Pallets containing some bundles that use the per-piece discounts and some bundles that use the per-pound discount must be counted separately.
- e. Number of pallets containing mail qualifying for the SCF copalletization discounts, as well as the weight and the number of addressed pieces receiving the SCF discount on these pallets. Pallets containing some bundles that use the per-piece discounts and some bundles that use the per-pound discount must be counted separately. [G992.3.0]

4.4 Discounts

4.4.1 Basic Standards

Pieces must be prepared on one of the following:

- a. An SCF or ADC pallet of 250 or more pounds drop shipped to the appropriate DADC.
- b. An SCF pallet of 250 or more pounds drop shipped to the appropriate DSCF.
- c. An overflow DSCF or DADC pallet drop shipped to the appropriate DSCF or DADC.
- d. An ADC pallet weighing between 100 and 250 pounds and drop shipped to the appropriate DADC. [G992.4.1]

709.4.4.2

4.4.2 Discounts and Description

The discounts in [Exhibit 4.4.2](#) are applicable to editorial pounds of the copalletized pieces prepared on an ADC or SCF pallet and entered at the destination ADC and SCF. The discounts are dependent on the applicable zones that would have resulted from origin entry of the publications without copalletization. [G992.4.2]

Exhibit 4.4.2 Discount for Copalletized Pieces Prepared on an ADC or SCF Pallet

ZONE	DISCOUNT	
	DADC	DSCF
1 & 2	\$0.008	\$0.014
3	0.013	0.019
4	0.028	0.034
5	0.050	0.056
6	0.073	0.079
7	0.101	0.107
8	0.125	0.131

[Exhibit G992.4.2]

4.5 Request to Participate

A mailer or consolidator may request approval to use the outside-county Periodicals copalletization drop-ship per-pound discounts by submitting a written request to the manager, Mailing Standards (see [608.8.0](#) for address). The request must be accompanied by the following:

- a. A completed application form (available from the manager, Mailing Standards).
- b. A process map and narrative demonstrating how and where presort and copalletization reports (including “before” and “after” data) are created as they relate to mail movement and consolidation of bundles to be copalletized. The map and narrative must also describe mail movement from production through the copalletization process including dispatch to destination entry Postal Service facilities.
- c. Samples of all required documentation that will be used to substantiate eligibility for the discounts, and of the documentation that must be provided at the time of mailing, including “before” and “after” reports and postage statements. The sample reports must demonstrate:
 1. How the copalletized portion of the mailing is segregated from other mailing segments on the “before” reports.
 2. How mailing jobs, mailing segments, and containers will be identified in both “before” and “after” reports to allow reconciliation of the reports.
 3. How pieces appearing on the “after” reports that qualify for the copalletization discounts (mailing segments with less than 250 pounds to an ADC) are differentiated from those that do not (mailing segments with 250 or more pounds to an ADC).

4. How pieces receiving the per-pound discounts are differentiated from those receiving the per-piece discounts.
- d. A detailed listing documenting the distribution of total advertising and editorial pounds to each zone “before” copalletization, based on origin entry of the mail (i.e., entry at the plant or the local post office for the plant, where it is printed and presorted into bundles ready for copalletization and mailing).
- e. An explanation of how data for mailings included under the copalletization experiment will be collected and reported to the USPS, including whether the model spreadsheet provided by the USPS can be used.
- f. A list of the publications to be included initially in the test and evidence that each publication has obtained the appropriate additional entry authorization at the office where mailings will be verified and postage paid. The list must indicate if the publications are authorized under the Centralized Postage Payment (CPP) system. If the applicant is not a printer and/or is consolidating publications for other printers, a list of those printers must be included with the application.

[G992.5.0]

4.6 Decision on Request

The manager, Mailing Standards, approves or denies a written request to use the experimental outside-county Periodicals copalletization per-pound discounts. If the application is approved, the mailer or consolidator will be notified in writing by the manager, Mailing Standards. Initial approval is for a conditional 90-day period. When the mailer or consolidator has demonstrated the ability to prepare and enter mailings under the standards in 4.0, final authorization will be granted. If the application is denied, the mailer or consolidator may file at a later date or submit additional information needed to support the request. [G992.6.0]

4.7 USPS Suspension

The manager, Mailing Standards, may suspend at any time an approval to use the per-pound discounts when there is an indication that Postal Service revenue is not fully protected. The manager will notify the participant in writing of the decision. The suspension becomes effective upon the mailer's receipt of the notification.

[G992.7.0]

5.0 Parcel Return Services

5.1 Basic Information

5.1.1 Description

The standards in 5.0 apply to parcels that are retrieved in bulk by authorized permit holders or their agents who are approved participants in the Parcel Return Services (PRS) experiment. The permit holder guarantees payment of postage and retrieval of all PRS parcels mailed with a PRS label. The provision, by a merchant or other party, of an approved PRS label to its customers or others constitutes the party's designation of the permit holder identified on the label as the party's agent for receipt of mail bearing that label, and authorizes the Postal Service to provide that mail to the permit holder or its designee. The permit holder has the option of

709.5.1.2

retrieving parcels at a designated return delivery unit (one of the postal delivery unit facilities designated as a pickup location for PRS parcels, also known for PRS purposes as an “RDU”) or at the bulk mail center (also known for PRS purposes as an “RBMC”) that serves the post office where returned parcels are deposited by customers. Payment for parcels returned under PRS is deducted from a separate advance deposit (postage due) account that is funded through the Centralized Account Processing System (CAPS). [G993.1.1]

5.1.2 Applicability

Parcels may use PRS when all of the following conditions apply:

- a. Parcels contain merchandise being returned to the merchant.
- b. Parcels bear a PRS label that meets the standards in 5.4.
- c. The parcel shows the permit number, and the permit holder has paid the annual PRS permit fee and the annual PRS accounting fee. [G993.1.2]

5.1.3 Services

Package Services pieces using Parcel Return Services are not eligible for ancillary or extra services. [G993.1.3]

5.1.4 Customer Mailing Options

Returned parcels must be mailed within the service area of the post office shown in the return address on the label. They may be deposited at:

- a. The main post office or any associated office, station, or branch.
- b. In any collection box (except an Express Mail box).
- c. With any rural carrier.
- d. On business routes during regular mail delivery if prior arrangements are made with the carrier.
- e. As part of a collection run for other mail (special arrangements may be required).
- f. At any place designated by the postmaster for the receipt of mail. [G993.1.4]

5.1.5 Participation

Companies who wish to participate in this experiment must send a request, on company letterhead, to the manager, Mailing Standards (see 608.8.0 for address). Requests may be sent also via e-mail to sherry.l.freda@usps.gov; or by fax to 202-268-4955. The request must contain the following information:

- a. Company name and address.
- b. Individual contact name, telephone number, fax number, and e-mail address.
- c. The rate category or categories to be used; proposed retrieval locations (delivery units and bulk mail centers); and individual contact information for the company contact or agent at each location.
- d. A list of clients, if the applicant is not the merchant (required for mailer identification number assignment).
- e. Projected volume per quarter for each RDU and/or RBMC.

- f. Label and instruction examples that comply with 5.4.
- g. Date(s) label distribution will begin for each client.
- h. Description of the electronic returns manifesting system to be used to document returns, by location and rate eligibility.
- i. Current Parcel Select and BPM parcel profile (volumes and weights). [G993.1.5]

5.1.6 Evaluation

The electronic returns manifesting system will be subject to approval by the manager, Business Mailer Support (BMS). BMS can provide applicants information for developing and receiving approval for a parcel returns system, electronic file transfer requirements, and certification process. Once approved, participants must comply with the terms of the PRS Service Agreement and pay the annual fees in 5.2.2, and 5.2.3. The manager, Mailing Standards may request additional data and a visit to the applicant's plant. In selecting participants, the manager, Mailing Standards uses the following additional criteria:

- a. The applicant must be prepared to begin operation at a mutually agreed upon time soon after selection.
- b. The applicant must demonstrate the ability to retrieve parcels on a regular schedule mutually agreed upon from the designated RDU, RBMC, or both. [G993.1.6]

5.1.7 Authorization

Participants during the first year of this experiment will be limited to the first 20; depending on the results in year one, 10 additional participants may be approved during the second year. The manager, Mailing Standards will review each request and will proceed as follows:

- a. If the applicant meets the conditions required for the PRS experiment and the application is otherwise consistent with the purposes and goals of the experiment, the manager, Mailing Standards will approve the letter of request. For the purposes of the experiment, the Postal Service may require additional documentation and periodic review and inspection of each participant's PRS processing and accounting operations.
- b. If the application does not appear to meet the conditions required for the PRS experiment, the manager, Mailing Standards will deny the request and send a written notice to the applicant, with the reasons for denial. [G993.1.7]

5.1.8 Procedure

Upon approval and payment of fees, participants must provide a copy of the approval to each contact at each pickup location. The manager, Mailing Standards will provide a copy to each district manager, Business Mail Entry that has a pickup location. Local post offices can determine payment of fees through CAPS. [G993.1.8]

5.1.9 Pickup Schedule

Unless more frequent pickups are specified in the service agreement, parcels must be retrieved on a regular schedule: from RBMCs, a minimum of every 48 hours excluding Sundays and USPS holidays; and from RDUs, a minimum of once every

709.5.2

7 days. Permit holders or their agents will be required to set up a recurring or standing appointment to retrieve PRS parcels. If the permit holder (or agent) already has existing appointments to deliver Parcel Select parcels to a BMC or DDU that meet these standards, the same appointment can be used for retrieving PRS parcels. [G993.1.9]

5.2 Postage and Fees

5.2.1 Postage

There are three PRS rate categories:

- a. *Parcel Select RDU*. Parcels returned as Parcel Post to, and retrieved in bulk from, a designated delivery unit.
- b. *Parcel Select RBMC*. Parcels returned as Parcel Post to, and retrieved in bulk from, a designated BMC.
- c. *Bound Printed Matter RBMC*. Parcels returned as Bound Printed Matter to, and retrieved in bulk from, a designated BMC. [G993.2.1]

5.2.2 Permit Fee

A \$150.00 permit fee must be paid annually at the post office where the PRS permit is held. The permit must remain valid during the course of the experiment. [G993.2.2]

5.2.3 Advance Deposit Account and Annual Accounting Fee

The participant must pay postage through an advance deposit account and must pay an annual accounting fee of \$475.00. The account must remain valid during the course of the experiment. [G993.2.3]

5.3 Rates

5.3.1 Parcel Select Return Services—Return Delivery Unit

Regardless of weight (up to the maximum weight of 70 pounds), any parcel that measures more than 108 inches (but not more than 130 inches) in combined length and girth must pay the oversized rate.

LENGTH PLUS GIRTH	RATE
Not over 108 inches	\$2.00
Oversized (Over 108 inches up to 130 inches)	7.51

[G993.3.1]

5.3.2 Parcel Select Return Services—Return BMC Machinable

Parcels that weigh less than 15 pounds but measure more than 84 inches in combined length and girth are charged the applicable rate for a 15-pound parcel.

See [Exhibit 5.3.2 Parcel Select Return Services—Return BMC Machinable](#).

[G993.3.2]

Exhibit 5.3.2 Parcel Select Return Services—Return BMC Machinable

WEIGHT NOT OVER (pounds)	ZONES 1 & 2	ZONE 3	ZONE 4	ZONE 5
1	\$2.10	\$2.13	\$2.19	\$2.28
2	2.67	2.70	2.77	2.88
3	3.22	3.25	3.34	3.46
4	3.42	3.76	3.86	4.00
5	3.59	4.16	4.29	4.49
6	3.75	4.52	4.65	4.94
7	3.90	4.83	4.98	5.35
8	4.47	5.12	5.28	5.74
9	4.60	5.36	5.59	6.09
10	4.77	5.67	5.88	6.42
11	4.90	5.88	6.14	6.72
12	5.05	6.08	6.40	7.01
13	5.18	6.24	6.64	7.27
14	5.30	6.36	6.89	7.52
15	5.41	6.53	7.10	7.76
16	5.52	6.70	7.30	7.98
17	5.65	6.86	7.52	8.19
18	5.74	7.01	7.71	8.38
19	5.86	7.16	7.89	8.57
20	5.96	7.30	8.05	8.74
21	6.05	7.44	8.20	8.91
22	6.16	7.56	8.34	9.06
23	6.24	7.72	8.48	9.21
24	6.33	7.84	8.60	9.36
25	6.41	7.96	8.72	9.49
26	6.51	8.07	8.85	9.62
27	6.59	8.20	8.96	9.74
28	6.66	8.32	9.05	9.86
29	6.75	8.44	9.16	9.97
30	6.83	8.54	9.26	10.07
31	6.91	8.62	9.35	10.18
32	7.00	8.74	9.45	10.27
33	7.06	8.84	9.53	10.37
34	7.14	8.92	9.61	10.45
35	7.20	9.03	9.69	10.54

[G993.3.2]

709.5.3.3

5.3.3 Parcel Select Return Services—Return BMC Nonmachinable

Parcels that weigh less than 15 pounds but measure more than 84 inches in combined length and girth are charged the applicable rate for a 15-pound parcel. Regardless of weight, any parcel that measures more than 108 inches (but not more than 130 inches) in combined length and girth must pay the oversized rate. See [Exhibit 5.3.3 Parcel Select Return Services—Return BMC Nonmachinable](#). [G993.3.3]

Exhibit 5.3.3 Parcel Select Return Services—Return BMC Nonmachinable

WEIGHT NOT OVER (pounds)	ZONES 1 & 2	ZONE 3	ZONE 4	ZONE 5
1	\$3.45	\$3.48	\$3.54	\$3.63
2	4.02	4.05	4.12	4.23
3	4.57	4.60	4.69	4.81
4	4.77	5.11	5.21	5.35
5	4.94	5.51	5.64	5.84
6	5.10	5.87	6.00	6.29
7	5.25	6.18	6.33	6.70
8	5.82	6.47	6.33	7.09
9	5.95	6.71	6.94	7.44
10	6.12	7.02	7.23	7.77
11	6.25	7.23	7.49	8.07
12	6.40	7.43	7.75	8.36
13	6.53	7.59	7.99	8.62
14	6.65	7.71	8.24	8.87
15	6.76	7.88	8.45	9.11
16	6.87	8.05	8.65	9.33
17	7.00	8.21	8.87	9.54
18	7.09	8.36	9.06	9.73
19	7.21	8.51	9.24	9.92
20	7.31	8.65	9.40	10.09
21	7.40	8.79	9.55	10.26
22	7.51	8.91	9.69	10.41
23	7.59	9.07	9.83	10.56
24	7.68	9.19	9.95	10.71
25	7.76	9.31	10.07	10.84
26	7.86	9.42	10.20	10.97
27	7.94	9.55	10.31	11.09
28	8.01	9.67	10.40	11.21
29	8.10	9.79	10.51	11.32
30	8.18	9.89	10.61	11.42
31	8.26	9.97	10.70	11.53
32	8.35	10.09	10.80	11.62
33	8.41	10.19	10.88	11.72
34	8.49	10.27	10.96	11.80
35	8.55	10.38	11.04	11.89

709.5.3.3

Exhibit 5.3.3 Parcel Select Return Services—Return BMC Nonmachinable

WEIGHT NOT OVER (pounds)	ZONES 1 & 2	ZONE 3	ZONE 4	ZONE 5
36	\$8.65	\$10.49	\$11.14	\$12.00
37	8.72	10.56	11.20	12.06
38	8.76	10.63	11.25	12.11
39	8.82	10.71	11.29	12.16
40	8.85	10.76	11.33	12.21
41	8.92	10.85	11.37	12.26
42	8.95	10.90	11.42	12.30
43	8.99	10.96	11.46	12.33
44	9.04	11.02	11.50	12.36
45	9.07	11.07	11.64	12.39
46	9.14	11.14	11.67	12.42
47	9.19	11.18	11.70	12.45
48	9.22	11.25	11.72	12.48
49	9.27	11.30	11.75	12.51
50	9.28	11.35	11.77	12.54
51	9.35	11.39	11.80	12.57
52	9.39	11.47	11.82	12.60
53	9.40	11.50	11.83	12.63
54	9.44	11.52	11.86	12.66
55	9.48	11.54	11.89	12.69
56	9.52	11.56	11.91	12.72
57	9.57	11.56	11.91	12.75
58	9.60	11.58	11.93	12.78
59	9.63	11.59	11.95	12.81
60	9.68	11.60	11.95	12.84
61	9.72	11.61	11.97	12.87
62	9.75	11.62	12.01	12.90
63	9.78	11.62	12.06	12.93
64	9.82	11.62	12.09	12.96
65	9.85	11.64	12.13	12.99
66	9.90	11.64	12.18	13.02
67	9.94	11.65	12.23	13.05
68	9.94	11.65	12.25	13.08
69	9.99	11.65	12.30	13.11
70	10.02	11.65	12.34	13.14
Oversized	25.99	26.31	27.00	28.05

[G993.3.3]

Domestic Mail Manual 3-17-05

5.3.4 Bound Printed Matter Return Services—Return BMC

WEIGHT NOT OVER (pounds)	ZONES 1 & 2	ZONE 3	ZONE 4	ZONE 5
1.0	\$1.63	\$1.68	\$1.72	\$1.80
1.5	1.63	1.68	1.72	1.80
2.0	1.70	1.76	1.82	1.92
2.5	1.77	1.85	1.92	2.05
3.0	1.84	1.93	2.02	2.17
3.5	1.91	2.02	2.12	2.30
4.0	1.98	2.10	2.22	2.42
4.5	2.05	2.19	2.32	2.55
5.0	2.12	2.27	2.42	2.67
6.0	2.26	2.44	2.62	2.92
7.0	2.40	2.61	2.82	3.17
8.0	2.54	2.78	3.02	3.42
9.0	2.68	2.95	3.22	3.67
10.0	2.82	3.12	3.42	3.92
11.0	2.96	3.29	3.62	4.17
12.0	3.10	3.46	3.82	4.42
13.0	3.24	3.63	4.02	4.67
14.0	3.38	3.80	4.22	4.92
15.0	3.52	3.97	4.42	5.17

[G993.3.4]

5.4 Label Formats**5.4.1 Label Preparation**

PRS labels must be certified for use by the Postal Service prior to distribution. In addition, permit holders must obtain Postal Service certification for barcode symbologies. Any photographic, mechanical, or electronic process or any combination of such processes may be used to produce PRS labels. The background of the label may be any light color that allows the address, barcodes, and other required information to be easily distinguished. If labels are electronically transmitted to customers for their local printing, the permit holder must advise customers of these printing requirements as part of the instructions in [5.4.3](#).

[G993.4.1]

5.4.2 Labeling Methods

If all applicable content and format standards are approved (including instructions to the user), a PRS label may be distributed by any of the following methods:

709.5.4.3

- a. As an enclosure with merchandise when initially shipped, as part of the original invoice accompanying the merchandise, or as a separate label preprinted by the permit holder. If the reverse side of the label bears an adhesive, it must be strong enough to bond the label securely to the mailpiece.
- b. As an electronic file created by the permit holder for local output and printing by the customer. [G993.4.2]

5.4.3 Instructions

Regardless of label distribution method, written instructions always must be provided to the user of the PRS label that, at a minimum, direct the user to do the following:

- a. "If your name and address are not already printed in the return address area, please print them neatly in that area or attach a return address label there."
- b. "Attach the label provided by the merchant squarely onto the largest side of the mailpiece, unless you need to use another side to make the parcel more stable. Place the label at least 1 inch from the edge of the parcel, so that it does not fold over to another side. If you are using tape to attach the new label, do not put tape over any barcodes on the label, even if the tape is clear, because the reflection interferes with barcode readers."
- c. "If you are reusing the original container to return the merchandise, use the label to cover your original delivery address and the barcodes and any other postal information on it. If it is not possible to cover all that information with the label, either remove old labels containing these items, mark them out completely with a permanent marker, or cover them completely with blank labels or paper that cannot be seen through. If that cannot be done, or if the original container is no longer sound, please use a new box to return the merchandise and attach the return label to that new box."
- d. "Once repackaged and labeled, you can mail the parcel at a post office, deposit it in a collection box, or give it to the carrier at the original delivery address. If the parcel is addressed to Return Delivery Unit, mail it at a local post office near the original delivery address. If the parcel is addressed to Return Bulk Mail Center, you can mail it at any post office or collection box in the town, city, or metropolitan area of the original delivery address." [G993.4.3]

5.4.4 Label Format Elements

There is no minimum size for PRS labels; however, the label must be of a sufficient size to accommodate all of the label elements and standards in this section. All PRS label elements must be legible. Except where a specific type size is required, elements must be of a type size large enough to be legible from a normal reading distance and to separate them from other elements on the label. Examples of PRS label formats are shown in [5.4.5a](#), [5.4.5b](#), [5.4.5c](#), and [5.4.5d](#). The following elements are required:

- a. Postage Guarantee. The imprint "No Postage Necessary if Mailed in the United States" must appear in the upper right corner.

- b. Horizontal Bars. A minimum of three horizontal bars must appear directly below the imprint in the upper right corner. The bars must be uniform in length, at least 1 inch long, 1/16 inch thick, and evenly spaced.
- c. Parcel Return Service Legend. The legend must be placed directly above the address and include:
 - 1. Line 1: In capital letters at least 3/16" high, "PARCEL SELECT RETURN SERVICE" (or "PARCEL SELECT RTN SVC") or "BOUND PRINTED MATTER RETURN SERVICE" (or "BPM RETURN SERVICE"), as appropriate.
 - 2. Line 2: In all capital letters, Permit holder's name, left justified, followed by PERMIT NO., followed by the permit number.
- d. Customer's return address. The return address of the customer using the label to mail the parcel back to the permit holder must appear in the upper left corner. If it is not preprinted by the permit holder or merchant, space must be provided for the customer to enter the return address.
- e. Address for return delivery unit (RDU) labels. The address must be the physical location of the return delivery unit, as provided by the Postal Service specifically for PRS. The address must consist of at least three lines in all capital letters, as specified below. As an option, the PRS participant's or merchant's name may appear above the first line. The ZIP Code may appear left-justified on a line directly below the city and state line.
 - 1. Line 1: "RETURN DELIVERY UNIT."
 - 2. Line 2: Street address, including number, of the RDU.
 - 3. Line 3: City, state, and ZIP Code.
- f. Address for return bulk mail center (RBMC) labels. The address must consist of at least three lines in all capital letters, as specified below. The ZIP Code must be printed in at least 12-point type and may appear left-justified on a line directly below the bulk mail center line.
 - 1. Line 1: PRS participant's or merchant's name.
 - 2. Line 2: "PARCEL RETURN SERVICE" (or "PARCEL RETURN SVC").
 - 3. Line 3: "BULK MAIL CENTER," followed by the unique PRS ZIP Code assigned by the USPS in the service agreement.
- g. Parcel Return Service Barcode. A PRS barcode must be printed directly on the label. The barcode may appear in any location on the label, except the upper left, upper right, and lower right corners. The barcode must meet the standards for barcodes in Publication 91, with the following exceptions:
 - 1. The barcode must be produced using the UCC/EAN Code 128 barcode symbology.
 - 2. The service type code (STC) contained in the barcode must identify the rate associated with the label destination. For labels addressed to a return delivery unit, the STC must be 58. For labels addressed to a return bulk mail center, the STC must be 57.

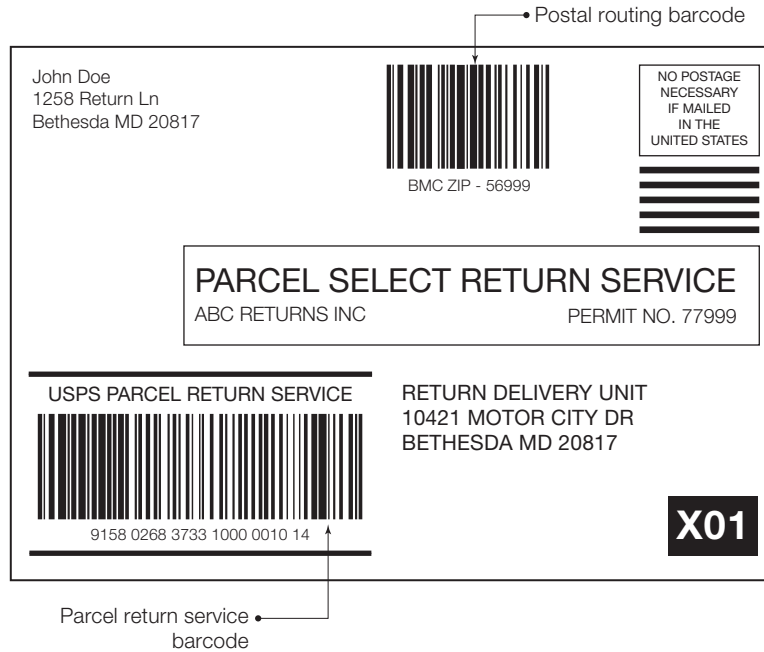
709.5.4.4

3. Human-readable text above the barcode must read “USPS PARCEL RETURN SERVICE” (or “USPS PARCEL RTN SVC”). If the barcode is a single concatenated barcode with the postal routing code described in [5.4h](#), the text above the barcode must read “BMC ZIP – USPS PARCEL RETURN SERVICE” (or “BMC ZIP – USPS PARCEL RTN SVC”). In the text below the barcode, the leading application identifier (“420”), ZIP Code information, and subsequent numbers must be parsed as shown in [5.4.5b](#), [5.4.5c](#), and [5.4.5d](#).
4. The clear zone between the barcode, human-readable text, and the horizontal bar above and below the barcode must be at least 1/16 inch.
- h. Postal Routing Barcode. If a single concatenated barcode is not used for the PRS barcode, a postal routing barcode also must be printed directly on the label. The barcode may appear in any location on the label, except the upper left, upper right, and lower right corners. Postal routing barcodes must meet the standards in [708.5.0](#), except that the human readable text below the barcode must read “BMC ZIP -,” followed by the unique PRS ZIP Code assigned by USPS in the service agreement.
- i. Mailer Identification (ID). An individual mailer ID must appear in the lower right corner. The mailer ID is assigned by the permit holder to each individual client (merchant) of the permit holder. The mailer ID must consist of a single, uppercase alpha character followed by a two-digit number, with no spaces or dashes (e.g., A01). The mailer ID must be at least 3/16 inch high and surrounded by a border (box), with a clearance of at least 3/16 inch between the mailer ID characters and the border. The mailer ID may be reverse-printed.
- j. Additional Information. Additional information (e.g., company logo, return authorization number, inventory barcode) is permitted on the PRS label if it does not interfere with any required format elements. Inventory barcodes must not resemble the barcodes described in [708.5.0](#), *Barcoding Standards for Parcels*.
[G993.4.4]

5.4.5 PRS Label Format Examples

The following are PRS label format examples:

- a. Parcel Select Return Services Label Addressed to a Return Delivery Unit With Separate Parcel Return Services and Postal Routing Barcodes



[Exhibit G993.4.4a]

709.5.4.5

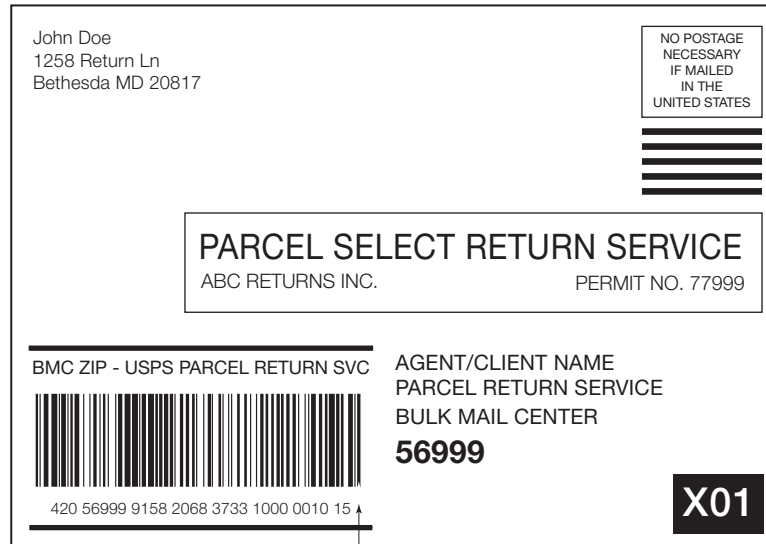
- b. Parcel Select Return Services Label Addressed to a Return Delivery Unit With Concatenated Parcel Return Services and Postal Routing Barcodes



Single concatenated
barcode with postal
routing code

[Exhibit G993.4.4b]

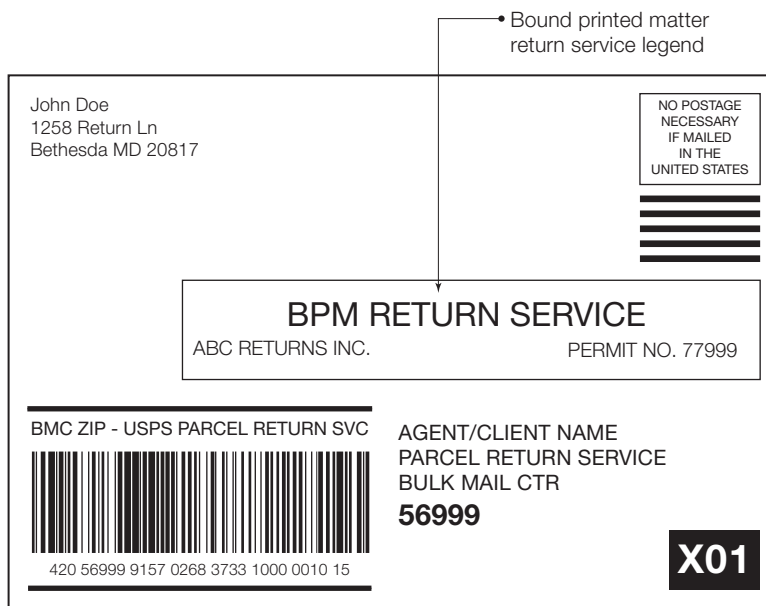
- c. Parcel Select Return Service Label Addressed to a Return Bulk Mail Center



Single concatenated
barcode with postal
routing code

[Exhibit G993.4.4c]

d. Bound Printed Matter Return Service Label



[Exhibit G993.4.4d]

6.0 Priority Mail Flat-Rate Box

6.1 Eligibility

6.1.1 Description

The standards in 6.0 apply to each addressed USPS-produced Priority Mail flat-rate box (Postal Item Numbers: OFRB1 and OFRB2). [G995.1.1]

6.1.2 Rate Application

Each USPS-produced Priority Mail flat-rate box is charged the experimental Priority Mail flat-rate box rate regardless of weight or destination. [G995.1.2]

6.1.3 Basic Standards

Any amount of mailable material can be mailed in a USPS-produced Priority Mail flat-rate box. Only USPS-produced Priority Mail flat-rate boxes are eligible for the flat-rate box rate. All other applicable Priority Mail standards apply. [G995.1.3]

6.1.4 Package Preparation

The box flaps must be able to close within the normal folds. Tape may be applied to the flap and seams for closure or to reinforce the box, provided the design of the box is not enlarged by opening the sides of the box and taping or reconstructing the box in any way. [G995.1.4]

709.6.2

6.2 Rate**6.2.1 Priority Mail Flat-Rate Box Rate**

The flat-rate box rate is \$7.70. This initial rate is subject to change in a future rate proceeding. [G995.2.1]

6.2.2 Postage Payment Methods

Postage may be paid with postage stamps, meter stamps, information-based indicia (IBI) meter, PC Postage system, or permit imprint, providing all the standards for the postage payment method are met. [G995.2.2]