

The Future

**SIMPLIFY, ALIGN,
MODERNIZE:
2025 USPS VISION IN MOTION**

RATE CASE | JULY 2025

**5 Key Takeaways to Prepare
for the Changes**

BCC
SOFTWARE
A BLUECREST COMPANY

BCC Software Is Here to Help!

As the USPS continues to modernize its pricing and logistics systems, **BCC Software is here to help you stay ahead** of the curve. Our industry-leading mailing software, data quality tools, and postal optimization services are fully aligned with USPS changes and ready to support you with:

Seamless software updates that include revised postage statements, rate structures, and Mail.dat/Mail.XML schema.

Consultative guidance to help you adapt your workflows, mail entry strategies, and packaging to avoid surcharges.

Proactive customer communication tools to help you educate your clients on how these changes impact their mailings.

Integrated support for incentives and promotions, so you can unlock cost savings and improve campaign ROI.

Dedicated customer support and training, ensuring you're never left navigating postal changes alone.

All information is up-to-date as of **June 17th (2025)** as released by the USPS.

To access the **extensive database** in our industry leading Customer Portal — or to **open a case** to work with our Customer Service team, please click on this link:

BCC CUSTOMER PORTAL 2.0



An Introduction to Adam

Adam Koester is the **Director of Product Management** at **BCC Software**, a BlueCrest Company. With over 10 years at BCC Software, Adam has developed deep expertise across both technical and customer-facing domains. His comprehensive understanding of mailing software solutions and postal industry standards makes him a key resource for customers, partners, and internal stakeholders alike. Adam chairs the Mailing Software Development Group within the **Delivery Technology Advocacy Council (DTAC)**, where he leads collaboration across the industry to align software innovation with USPS requirements. He also serves on the **Postal Early Exchange Committee (PEEC)**, contributing to early discussions on USPS program changes. A frequent presenter at events like **BCC Software's InfoXchange**, Adam is a trusted voice in the mailing industry, known for bridging technical insight with real-world application.

Our Thoughts On The Upcoming Rate Case



The USPS planned pricing and structural changes for July 2025 represent one of the **most significant overhauls** in recent years. The changes reflect the Postal Service's broader effort to streamline operations, **simplify** product offerings, **align** with logistics network redesign, and **modernize** the way it assesses handling costs across mail classes.

These proposed changes, while still under review, represent a major restructuring of both market dominant and competitive products. The intent is to **modernize** USPS offerings, **reduce** operational complexity, and **address** long-term financial and logistical goals. Mailers and software vendors will need to prepare for broad impacts across postage statements, data feeds, and mailing systems.

An Introduction to Rosine

Rosine Gray is a **Support Supervisor** at **BCC Software**, a BlueCrest Company, where she has over 15 years of dedicated experience providing **outstanding customer service**. For more than 5 years, she has led the support team with a focus on operational efficiency, team development, and customer satisfaction. Rosine brings **robust expertise** in the USPS mailing industry, offering valuable insight into postal regulations, mailing best practices, and software applications that support business mailers. Her deep knowledge of USPS standards and evolving postal requirements has made her a **trusted resource** for both customers and colleagues. Whether guiding users through complex compliance issues or streamlining mailing workflows, Rosine's industry acumen consistently contributes to the success of BCC Software's clients.





Key Considerations for Mailing Service Providers (MSPs)

01

Loss of DNDC Discount Affects Cost Models

02

Rate Category Restructuring Demands Immediate Re-mapping

03

Structural Incentive Changes: Marriage Mail, Mail Growth & Catalog Insights

04

Future of Flats and Pallets: First-Class Mail Structural Shifts Require Workflow Adjustments

05

Nonstandard Fees for Package Characteristics Increase Risk of Unexpected Costs

Ready Access To The Best Customer Service Team In The Postal Industry



100% of BCC Software's Customer Support Technicians are Certified Mailpiece Design Professionals through the USPS®.





**Loss of NDC Discount
Affects Cost Models**

Loss of DNDC Discount Affects Cost Models

USPS is proposing to **eliminate Destination Network Distribution Center (DNDC) discounts** across **Marketing Mail, Periodicals, and Package Services (including Bound Printed Matter)**.

Impact

Mailers will now have to choose between Origin Entry, Destination Sectional Center Facility (DSCF), or Destination Delivery Unit (DDU) options. This eliminates one tier of entry discounting, potentially raising logistics costs or complicating mail entry strategies.

Key Changes

DNDC (Destination Network Distribution Center) discounts will be removed for:

- o Marketing Mail
- o Periodicals
- o Package Services (including Bound Printed Matter)

Mailers must now use one of three entry options:

- o Origin Entry (no discount)
- o **DSCF Entry** (Sectional Center Facility)
- o **DDU Entry** (Delivery Unit)

What It Means

USPS is simplifying its logistics network to align with its Network Redesign strategy.

Reduces the need to manage volume at NDCs and concentrates flow to fewer entry points.

Mailers lose a mid-tier discount, which could lead to:

Increased postage costs

Need for re-optimization of logistics networks

Changes to third-party consolidator or transportation agreements

Technical Impacts

All mailing systems must reflect the removal of DNDC discount logic.

API rate calls and manifest files must be validated against new entry options only.

Rate tables (e.g., in PS Forms 3602R/N, 3541, 3605-R) will be significantly adjusted.

An aerial photograph of a narrow canal with dark blue water. Numerous small, yellowish-brown paper boats are floating in the water. Each boat is filled with handwritten letters and cards, some with names and addresses visible. The boats are scattered throughout the canal, with some closer to the camera and others further away. The canal is bordered by stone walls on both sides. The overall scene suggests a metaphor for communication, delivery, or the flow of information.

**Rate Category Restructuring
Demands Immediate
Re-mapping**

Rate Category Restructuring Demands Immediate Re-mapping

The USPS is proposing to:

Eliminate Marketing Mail Automation Basic Carrier Route (CR) Letter Rates, both for commercial and nonprofit mailers.

Eliminate Presort Prices for Media and Library Mail, retaining only the single-piece pricing.

Impact

These changes streamline USPS offerings and shift volume into broader categories, which may simplify pricing or force workflow adjustments for mailers relying on these rate distinctions. These changes aim to streamline USPS offerings by consolidating categories, simplifying rate structures, and phasing out low-volume or legacy tiers. While this may reduce complexity, it may also require operational adjustments for organizations currently using these specific rate categories.

Key Changes

Marketing Mail Automation Basic Carrier Route (CR) Letters for both commercial and nonprofit will be eliminated.

Media and Library Mail Presort Tiers (5-digit and Basic) are being removed—only Single Piece rates will remain.

What It Means

Streamlined structure: USPS is **moving away** from granular rate categories and **collapsing** low-volume or legacy structures.

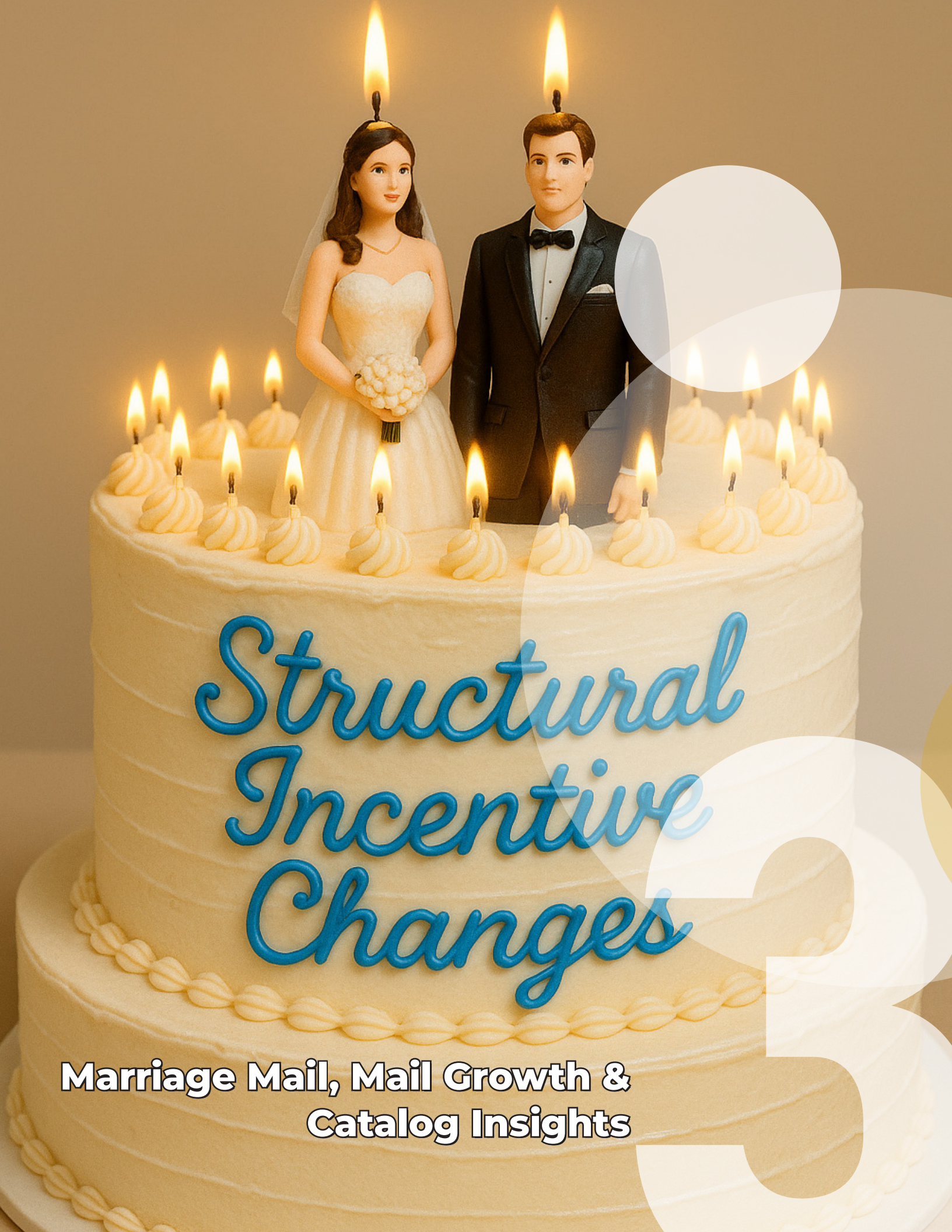
Operational shift for mailers: Businesses and nonprofits that were utilizing Basic CR or or Presorted Library and Media Mail rates will need to **reconfigure** their mailing profiles. For example, an educational publisher sending instructional DVDs via Presorted Library Mail will now need to budget for higher single-piece rates or explore alternative mailing options like USPS Ground Advantage.

Technical Impacts

Mail.dat, Mail.XML, postage statements (e.g., PS 3602-R/N, 3605-R), and Notice 123 updates.

Mailing systems will need validation changes and rate table modifications.

API and data feed updates are needed for accurate rate application and tracking.

A two-tiered wedding cake with white frosting and a braided border. On top are a bride and groom figurine, each with a lit candle on their head. The cake is surrounded by many lit candles in white frosting swirls. The background is a warm, golden-brown color with abstract white and yellow circular shapes.

Structural Incentive Changes

**Marriage Mail, Mail Growth &
Catalog Insights**

Structural Incentive Changes: Marriage Mail, Mail Growth & Catalog Insights

Three incentive-related changes stand out in the upcoming USPS rate case:

The **Marriage Mail Incentive** will be expanded to **High Density Plus Letters and Flats**.

USPS intends to **extend Mail Growth Incentives through 2026**, refining how credits are managed and reported.

New Catalog Insights Promotion: A targeted initiative to support catalog mailers with data-driven tools and incentives.

Impact

These initiatives are designed to boost mail volumes and deliver greater value to advertisers, while improving transparency and ease of participation for mailers. USPS is clearly signaling a focus on both acquisition and retention strategies, with structural changes that lower barriers to entry and reward sustained engagement.

Key Changes

Marriage Mail Incentive now applies to High Density Plus formats, expanding opportunities for shared mail cost efficiency.

Mail Growth Incentives return in 2026 with:

- o A CY2025 baseline for volume growth comparisons.
- o Improved credit tracking and reporting tools.
- o Easier integration via the Mailing Promotions Portal (MPP).

Catalog Insights Promotion:

- o Designed to provide visibility into performance metrics for catalog campaigns.
- o Supports data-driven optimization and planning.
- o Offers additional postage credits or discounts based on qualifying usage and engagement.

What It Means

Marriage Mail enables cost savings when multiple advertisers share a single mailpiece—expanding eligibility increases accessibility and volume potential. This enhances the potential for small and regional advertisers to leverage co-branded delivery while benefiting from USPS discounts.

Mail Growth Incentives reward mailers for increasing volumes year-over-year—offering credits that offset postage costs.

Catalog Insights reflects USPS's recognition of catalogs as a strategic channel—especially in retail and B2B—by offering actionable analytics and new promotional support.

USPS is **refining the user experience** to drive more adoption and reduce administrative barriers.

USPS will update **reporting structures, API configurations, and data feeds** to support:

- Marriage Mail eligibility tracking.
- Growth credit reporting across CY2025–2026.

Technical
Impacts



**First-Class Mail Structural
Shifts Require Workflow
Adjustments**

Future of Flats and Pallets: First-Class Mail Structural Shifts Require Workflow Adjustments

Two major changes will impact First-Class Mail preparation and cost-efficiency:

Introduction of a Destination SCF Pallet Discount for First-Class Mail.

Elimination of bundling requirements for automation FCM Flats placed in tubs.

Impact

These changes reflect USPS efforts to modernize First-Class Mail processing by incentivizing palletization and reducing manual handling steps. Mailers may see cost savings via the new pallet discount but will need to reconfigure tray and bundling workflows.

Key Changes

New Pallet Discount available for FCM entered at the DSCF level.

Bundling will no longer be required for automation FCM Flats prepared in tubs—affecting mailpiece handling and container prep rules.

What It Means

Mailers may realize **logistics savings** by shifting FCM Flat volume to pallets entered at SCFs.

Bundling elimination reduces prep time and materials but may necessitate **workflow changes** and software updates to remain compliant with new sorting and labeling rules.


These updates also reflect USPS efforts to drive efficiency in mail flow and containerization, especially in high-volume FCM operations.

Technical Impacts

Updates to **Mail.dat/Mail.XML** specs and postage statements to capture pallet discount data.

Entry documentation and labeling lists must reflect new pallet eligibility criteria.

Automation rulesets must be updated to disable bundling logic for qualifying FCM Flats in tubs.

An illustration of a brown owl with large yellow eyes perched on a branch. A speech bubble from the owl contains the text 'WHOOT are you calling NONSTANDARD?'. A translucent version of the owl is overlaid on the right side of the image. The background is a textured tan color with some abstract shapes.

WHOOT
are you calling
NONSTANDARD?

**Nonstandard Fees for Package
Characteristics Increase Risk of
Unexpected Costs**

Nonstandard Fees for Package Characteristics Increase Risk of Unexpected Costs

For Competitive Products (e.g., Priority Mail, Ground Advantage), USPS will:

Expand Nonstandard Fees to include not just size, but **package characteristics** such as cylindrical shapes, containers of liquid, and non-conforming shapes.

Implement **new rate codes and manifest requirements** to reflect these updates.

Impact

Shippers must be more vigilant in how parcels are prepared and declared, or risk incurring higher surcharges.

Key Changes

Nonstandard Fees will now also apply based on **Package characteristics** (e.g., tubes, cans, liquids).

Only one fee type from Length vs. Package Characteristics will be charged (whichever is higher).

Multiple combinations (e.g., Package Characteristics + Volume) can trigger compound fees.

What It Means

USPS is **tightening its package handling policies** to better reflect true handling costs.

Packaging types that roll, spill, or fail to stack properly are now penalized under **Competitive** service types (e.g., Priority Mail, Ground Advantage, Parcel Select).

Shippers will need to **redesign packaging or pay higher surcharges**—especially those shipping unusual shapes or liquids.

- - - - - Service Codes L1, L2, and L4 previously present and used. **L3 is now also being used for Characteristic Fee.**

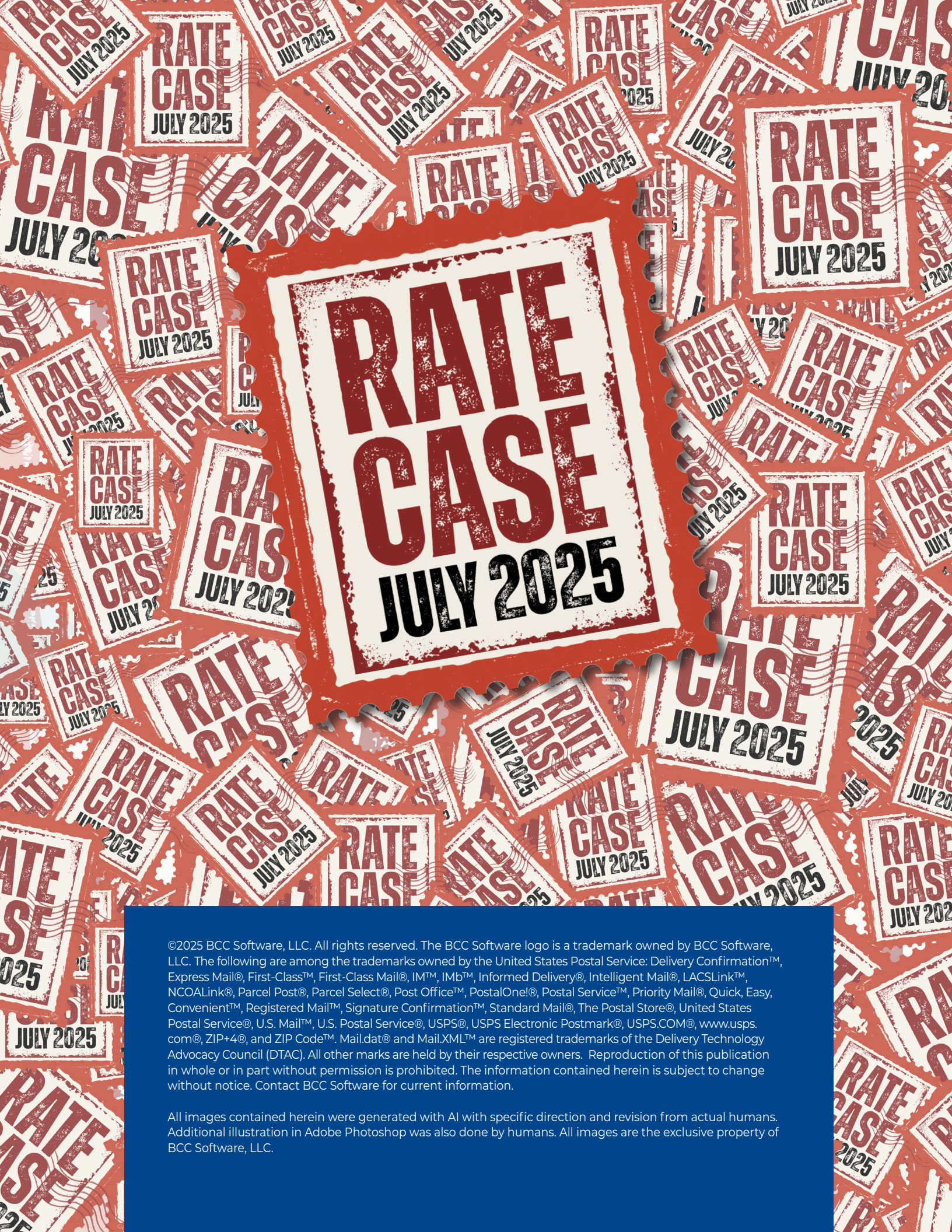
Technical Impacts

Extra Service Codes (ESC 879, ESC 886) must be implemented.

APIs and WebTools (e.g., Rate Calculator) will return new fee types in responses.

Mail.dat and Mail.XML fields for package shape and content identifiers will now be used (e.g., P1 = Tube, P3 = Liquid).

- - - - -



RATE CASE JULY 2025

©2025 BCC Software, LLC. All rights reserved. The BCC Software logo is a trademark owned by BCC Software, LLC. The following are among the trademarks owned by the United States Postal Service: Delivery Confirmation™, Express Mail®, First-Class™, First-Class Mail®, IM™, IMb™, Informed Delivery®, Intelligent Mail®, LACSLink™, NCOALink®, Parcel Post®, Parcel Select®, Post Office™, PostalOne!®, Postal Service™, Priority Mail®, Quick, Easy, Convenient™, Registered Mail™, Signature Confirmation™, Standard Mail®, The Postal Store®, United States Postal Service®, U.S. Mail™, U.S. Postal Service®, USPS®, USPS Electronic Postmark®, USPS.COM®, www.usps.com®, ZIP+4®, and ZIP Code™. Mail.dat® and Mail.XML™ are registered trademarks of the Delivery Technology Advocacy Council (DTAC). All other marks are held by their respective owners. Reproduction of this publication in whole or in part without permission is prohibited. The information contained herein is subject to change without notice. Contact BCC Software for current information.

All images contained herein were generated with AI with specific direction and revision from actual humans. Additional illustration in Adobe Photoshop was also done by humans. All images are the exclusive property of BCC Software, LLC.

Final Takeaways for Mailing Service Providers:

- **Update Mailing Software & Systems:** Ensure all software platforms (Mail.dat, Mail.XML, APIs) are patched and validated with new rate tables and entry options.
- **Re-evaluate Client Entry Strategies:** Entry point logic (DSCF/DDU vs. DNDC) must be revisited to minimize cost impact.
- **Educate Your Customers:** Use this transition to advise clients on packaging compliance, service eligibility, and cost implications—position your business as a strategic postal partner.
- **Leverage Incentives:** Take advantage of promotions (Marriage Mail, Growth Incentives, Catalogs) to offset cost increases elsewhere.

Expertise Matters BCC Software's solutions provide comprehensive platforms for managing mailing operations, backed by expert support and industry knowledge. **Talk with the experts at BCC Software today to see what's possible.**

PDF DOWNLOAD

A single page format of this PDF is available for download at this link:

bccsoftware.com/7-25-rate-case-digest

LIVE Q&A SESSION

This publication was prepared as a primer to our FREE, **LIVE Q&A SESSION**

JUNE 23rd at 12:00 PM EDT

Click here to register:

bccsoftware.com/2025ratecase

All Rate Case documentation referenced in this publication is derived directly from USPS Postal Pro and is available at this link:

POSTAL PRO



ISSUE DATE: 06/17/25 (BW)

BCC Software creates innovative postal software solutions and provides extensive Data Marketing Services (DMS) for thousands of customers across the United States. The company was founded in 1978 and is headquartered in Rochester (NY) with offices in Seattle (WA) and La Crosse (WI).

To learn more about BCC Software, please visit bccsoftware.com.



Looking Ahead to January, 2026:

The series of changes included in this July rate case is a precursor to a much larger anticipated change in January, 2026. July rate case serves to prepare the industry for new sortation schemes to be rolled out later, decouples entry discount baselines to allow the USPS to have greater incentive authority for induction further into their network, and introduces a catalog promotion with the largest incentive of 10% to 12.5% ever offered. The catalog promotion goes into effect October 1, 2025 and may dramatically change how direct marketers are looking at bridging physical and digital marketing for this holiday mailing season.

BPM removal & New “Heavy Printed Matter” (HPM) Parcel Category

To accommodate former BPM parcels, USPS plans to introduce a new **Marketing Mail Commercial and Nonprofit Parcels** category called “**Heavy Printed Matter**”, with a weight limit of up to 15 pounds.

Impact

This creates a more flexible structure within Marketing Mail for heavier content, providing an alternative for those impacted by BPM eliminations.

Remove Bound Printed Matter (BPM) Flats and Parcels, shifting those volumes to expanded **Marketing Mail** rate structures.

Key Changes

USPS introduces **Heavy Printed Matter (HPM)** under Marketing Mail Parcels.

Weight limits: up to **15 pounds**, expanding well beyond traditional weight ceilings.

Both **Commercial** and **Nonprofit** tiers will be available.

Nonpresorted rates will be newly offered for Flats and Parcels.

What It Means

Fills the gap left by BPM Parcel removal—especially for direct mailers sending heavy materials like books, catalogs, or reports.

Encourages more content-heavy mail while still staying within Marketing Mail pricing logic.

Provides flexibility for origin-entered, heavier-weight pieces that would otherwise fall into more expensive categories.

Technical Impacts

New rate categories require postage statement and SKU changes.

APIs and reporting tools must be updated to reflect this entirely new category.

The Future

**CLOSED FOR
RENOVATIONS
WILL REOPEN IN 2026**

RATE CASE | JAN 2026

The Inevitable Sequel

BCC
SOFTWARE
A BLUECREST COMPANY