

USPS Proposed Pricing Overview

February 2015

Market Dominant Price Change

- Overview
- Classification Changes
- First-Class Mail®
- Standard Mail®
- Periodicals®
- Package Services
- Extra Services
- Promotions

Competitive Price Change

- Highlights

**Total average increase of ~2.0% on Market
Dominant products**

The Price Cap

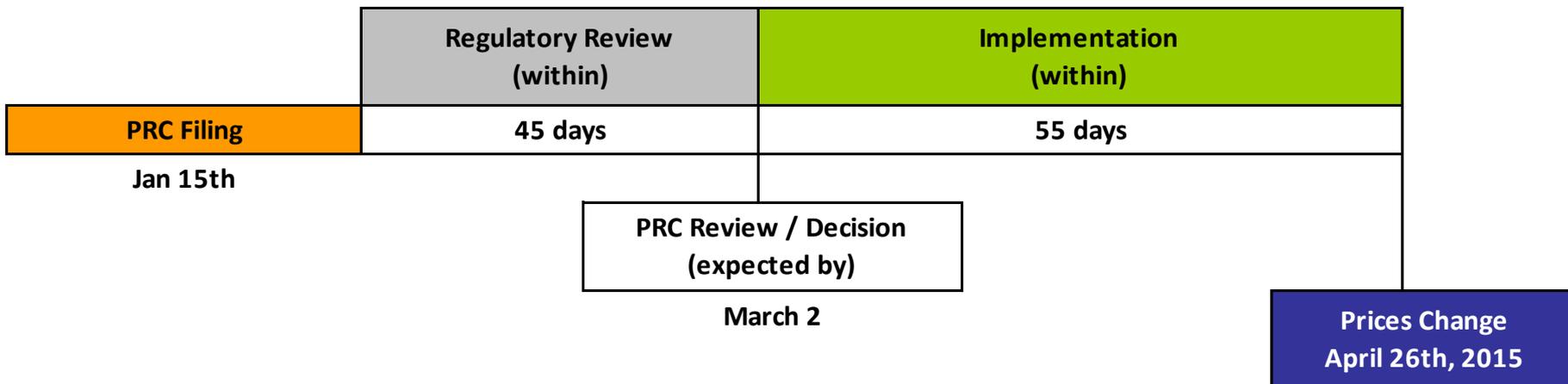
- CPI: 1.966%
- Based on Consumer Price Index
- PRC formula a moving average of CPI data

The filing is based on CPI prices
Final prices include the Exigent Surcharge

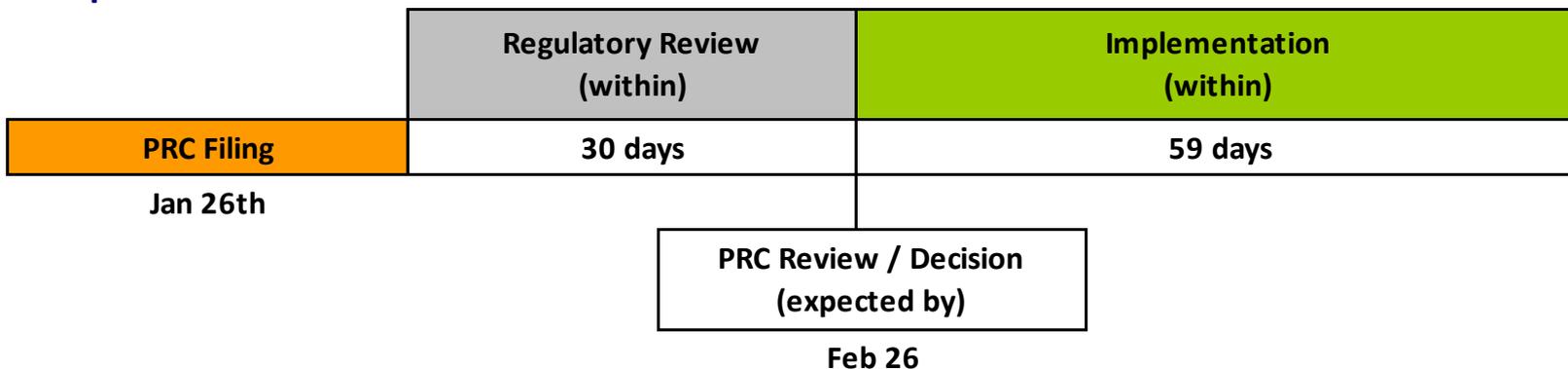
	Current CPI Price	New CPI Price	CPI Percent Change	CPI + Exigent Price

Timeline

CPI Rate Case



Competitive Rate Case



Market Dominant Classification Changes

- ✓ Provide more robust pricing for Flats Sequencing System (FSS) sorted mail
- ✓ Provide pricing for Carrier-Route Pallets in non-FSS locations
- ✓ Rationalize and simplify Special Service offerings
- ✓ Add 2015 promotions (Earned Value Reply Mail, Color Transpromo, Emerging Technologies, Mail Drives Mobile)

Pricing for FSS sorted mail

Standard Mail

- Per piece price for FSS eligible pieces in scheme bundles on/in any container at all entry points
- Per piece price for FSS eligible pieces in scheme bundles on/in FSS scheme and facility containers entered at the DFSS
- FSS sort for CR High Density/High Density Plus remains optional:
 - Pay FSS prices if FSS prepped
 - Pay HD Carrier Route prices if prepped as HD Carrier Route

Pricing for FSS sorted mail

Periodicals

- Created a piece price for FSS Flats
- Bundles priced to encourage scheme containers
- Introduced FSS scheme Sack and Tub prices
- Introduces FSS facility Pallet, Sack and Tub prices

BPM Flats

- FSS piece prices for FSS scheme bundles at all entry points except DDU

Pricing for CR Flats: Non-FSS Zones

Standard Mail

- Per piece price for 5-Digit/Scheme pallets with all Carrier Route bundles at all entry levels
- Maintain per piece price for Merged 5-Digit pallets that contains Carrier Route and 5-D bundles

Periodicals

- Introduce a pure Carrier Route pallet price for 5-Digit pallets with all Carrier Route bundles at all entry levels

Simplify Special Services

- Free USPS Tracking for First-Class Mail Parcels, BPM Parcels, and Library and Media Mail
- Add an Adult Signature option with Certified Mail
- Provide Signatures for items insured for more than \$500

Full Service IMb Incentives Remain in Place

First-Class Mail®	\$0.003
Standard Mail®	\$0.001
Periodicals	\$0.001

First-Class Mail®

- ~2.0% overall increase
- 49-cent stamp price remains at 49 cents

Product	CPI Percent Change
Single-piece Letters & Cards	0.6%
Single-piece Metered	1.1%
Flats	2.4%
Parcels	10.2%
Presort Letters & Cards	2.4%
First-Class Mail International (includes letters, cards, and flats)	3.0%



Key First Class Mail Single-Piece Prices

	Current CPI Price	New CPI Price	CPI Percent Change	CPI + Exigent Price
Stamp Price	0.47	0.47	0.0%	0.49
Meter Price	0.46	0.465	1.1%	0.485
Single-Piece Flats	0.94	0.94	0.0%	0.98
Single-Piece Cards	0.33	0.34	3.0%	0.35
Retail Parcels	2.23	2.45	9.9%	2.54

First-Class Mail® Single-Piece

Letters (CPI + Exigent Surcharge)

- Additional ounce increases to \$0.22
- Postcard rate increases to \$0.35
- First-Class Mail International® Global Forever Stamp
\$1.20

Key First-Class Mail Bulk Prices

	Current CPI Price	New CPI Price	CPI Percent Change	CPI + Exigent Price
Mixed AADC Automation Letters	0.415	0.419	1.0%	0.439
3-Digit Automation Letters	0.389	0.399	2.6%	0.416
5-Digit Automation Letters	0.366	0.376	2.7%	0.391

First-Class Mail® Presort

Letters (CPI + Exigent Surcharge)

- Letters up to 2 ounces charged the 1-ounce price
- Additional ounce remains at \$0.13

First-Class Mail® International

4.4% overall increase

Product	CPI Percent Change
Letters	4.5%
Flats	4.1%
Cards	4.5%

Standard Mail®

1.9% overall increase

Product	CPI Percent Change
Letters	1.8%
Flats	2.3%
Carrier Route Letters, Flats, and Parcels	1.4%
High Density / Saturation Letters	2.0%
High Density / Saturation Flats and Parcels	1.6%
Parcels	9.8%
EDDM-Retail	4.8%

Key Standard Mail Prices

	Current CPI Price	New CPI Price	CPI Percent Change	CPI + Exigent Price
Letters (5-Digit Auto entered at Origin)	0.250	0.255	2.0%	0.266
Flats (5-Digit Auto Flat entered at Origin)	0.370	0.376	1.6%	0.394
Carrier Route (Flat entered at Origin)	0.283	0.288	1.8%	0.300
High Density/Saturation Letters (Saturation Letter entered at Origin)	0.190	0.196	3.2%	0.204
High Density/Saturation Flats (Saturation Flat entered at Origin)	0.202	0.203	0.5%	0.212
EDDM-Retail	0.168	0.176	4.8%	0.183

Standard Mail®

Detached Address Labels (DALs)

- Price increases to 3.6 cents from 3.4 cents (CPI + Exigent Price)



Key Standard Nonprofit Mail Prices

	Current CPI Price	New CPI Price	CPI Percent Change	CPI + Exigent Price
Letters (5-Digit Auto entered at Origin)	0.136	0.138	1.5%	0.143
Flats (5-Digit Auto Flat entered at Origin)	0.225	0.237	5.5%	0.249
Carrier Route (Flat entered at Origin)	0.207	0.213	2.9%	0.222
High Density/Saturation Letters (Saturation Letter entered at Origin)	0.116	0.118	1.7%	0.123
High Density/Saturation Flats (Saturation Flat entered at Origin)	0.126	0.127	0.8%	0.132

<u>Periodicals</u>	CPI Percent Change
Barcoded Machinable Flats Carrier Route Basic (Piece Rates)	2.5%
Barcoded Machinable Flats 5-Digit (Piece Rates)	1.7%
Outside County	2.0%
Inside County	2.0%

Package Services

2.0% overall increase

- Retain \$0.001 IMb barcode discount for BPM Flats

Product	CPI Percent Change
Media Mail/Library Mail	2.3%
Alaska Bypass	2.3%
Bound Printed Matter	
Flats	0.4%
Parcels	2.6%

Extra Services

0.234% overall increase

Product	CPI Percent Change
PO Boxes™	5.9%
Certified Mail®	4.8%
Return Receipt	3.8%
Registered Mail™	2.6%
Insurance	4.9%
COD	5.4%
All Other	-9.3%

2015 Proposed Promotions

Earned Value Reply Mail Promotion

- Designed to encourage mailers to use First-Class Mail as a primary reply mechanism for their customers.

Advanced and Emerging Technology Promotion

- Designed to encourage mailers to integrate direct mail with mobile technology.

Color Transpromo Promotion

- Designed to encourage First-Class mailers to invest in color print technology.

Mail Drives Mobile Engagement Promotion

- Designed to demonstrate how direct mail, combined with mobile technology, continues to be a convenient method for consumers to engage and interact with their printed mailpieces.

All promotions and dates are tentative and subject to PRC approval.

As of: 11/24/14

JAN – FEB - MARCH

APRIL – MAY - JUNE

JULY – AUG - SEPT

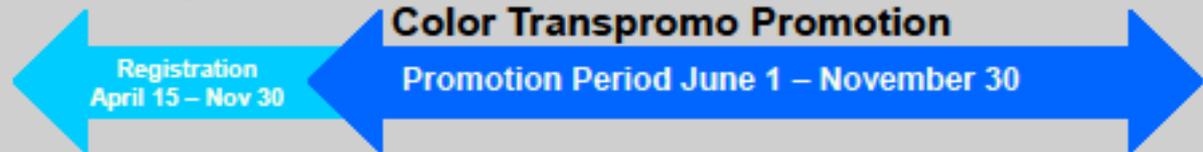
OCT – NOV - DEC

FIRST-CLASS MAIL®

Earned Value Promotion

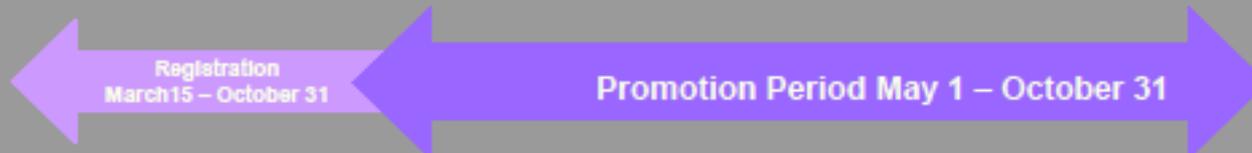


Color Transpromo Promotion



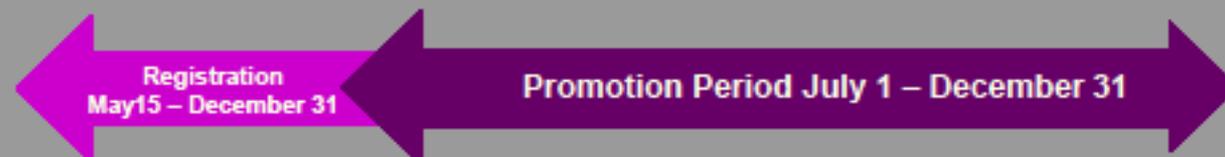
STANDARD AND FIRST-CLASS MAIL

Emerging and Advanced Technology Promotion



STANDARD MAIL®

Mail Drives Mobile Engagement Promotion



Competitive Filing Highlights

- ✓ No price change for Priority Mail Express, Priority Mail, or Pickup on Demand
- ✓ New zoned prices based on origin ZIP Code for Priority Mail International (PMI) destined to Canada
- ✓ An increase to 66 pounds for the maximum weight for PMI Rate Group 17 (Netherlands)
- ✓ Combines insurance tables for Priority Mail Express International and PMI to simplify pricing

Resources

Online

- Postal Explorer® — pe.usps.com
 - Current and new prices
 - Including downloadable price files in excel and CSV formats
 - *Federal Register* notices
 - *Domestic Mail Manual & International Mail Manual*

DMM® Advisory — posted on Postal Explorer, also special e-mail updates



Questions?