



PROPOSED USPS Price and Regulatory Changes - January 2012

On October 18th, the USPS filed price changes with the Postal Regulatory Commission (PRC) for the Mailing Services product category. The PRC has 45 days to review the prices, and if approved, new prices for most Mailing Services will take effect on January 22, 2012.

Mailing Services, also called Market Dominant products, includes First-Class Mail[®], Standard Mail[®], Periodicals, Package Services (i.e., Library Mail, Media Mail[®], Bound Printed Matter and Parcel Post[®]) and Extra Services such as Certified Mail[™] and Delivery Confirmation[™].

Prices for Shipping Services (also known as Competitive Products) will also change on January 22nd, but those changes have not yet been announced.

While actual percentage price increases for various products and services varies, the overall average price increase across all Mailing Services products is capped, per the Postal Accountability and Enhancement Act (PAEA), at the rate of inflation as measured by the Consumer Price Index rolling average for 12 months, or 2.133 percent for this proposal.

PERCENTAGE OF PRICE CHANGE BY CLASS OF MAIL

<u>Class</u>	<u>Percent Change</u>
First-Class Mail[®]	2.133%
• Single-piece letters and cards	2.468% (this is due in part to the 3 cent increase in the price for single-piece postcards.)
• Presort letters and cards	1.580% (note that this is a lower increase than single-piece rates)
• Flats	1.605%
• Parcels (retail)	10.882%
• International	4.679% (Outbound Single-piece First-Class Mail International increasing prices by 4.9 percent overall)
Standard Mail[®]	2.124%
Periodicals	2.133%
Package Services	2.133%
Extra Services	-0.663% (with the exception of Delivery Confirmation [™] and Confirm [®] , most Extra Services prices increase about 2.1 %)

FIRST-CLASS MAIL® HIGHLIGHTS

Retail (full rate) prices

- *NEW!* Retail letters (1 oz.) – 1-cent increase to 45 cents
- *NEW!* Retail postcards – 3-cent increase to 32 cents
- *NEW!* Letters to Canada or Mexico (1 oz.) – 5-cent increase to 85 cents; letters to other international destinations – 7-cent increase to \$1.05
- *NEW!* Retail flats – 2-cent increase to 90 cents
- *NEW!* Retail FCM parcels – 24-cent increase from 1.71 to 1.95; an increase of 10.8 percent

No change:

- Single-piece (retail) letters and flats additional ounce rate – *remains* at 20 cents
- Nonmachinable surcharge for letters – *remains* at 20 cents
- Parcels additional ounce *remains* at 17 cents

Commercial (discounted) prices

- Commercial letters additional ounce rate – *remains* at 12.5 cents
- *NEW!* The second ounce will be free for First-Class Mail® automation and nonautomation letters weighing between one and two ounces. (Postage for a three-ounce piece will pay for the additional ounces in the traditional fashion, i.e., the first-ounce price plus the additional ounce price of 12.5 cents for two additional ounce increments.) According to the Postal Service, this allows mailers to insert additional pages, such as promotional material, that would not otherwise be sent, because the mailer would not choose to add material if it requires paying the additional ounce rate.

The chart below reflects that with the second ounce being free, postage prices for pieces weighing more than 1 ounce but no more than 2 ounces drop significantly!

First-Class Mail Automation Letters – 2 Oz. Pieces

	Current Price	New Price	Change	Percent Change
Mixed AADC	\$0.515	0.404	-\$0.111	-21.6%
AADC	\$0.493	\$0.374	-\$0.119	-24.1%
3-Digit	\$0.490	\$0.374	-\$0.116	-23.7%
5-Digit	\$0.465	\$0.350	-\$0.115	-24.7%

- As reflected in the chart below, the largest percentage increase is for the least presorted price (Mixed AADC), which increases from 39 cents to 40.4 cents, a 3.6 percent increase. Also note that the AADC automation and 3-Digit automation prices are set the same, 37.4 cents. The Postal Service indicates that since it is in the process of redesigning its network it is not changing the presorting requirements for either option.

1-ounce letter	Price per Piece		Change	
	Current	New	Cents per piece	Percent Change
Single-Piece	\$0.44	\$0.45	\$0.010	2.3%
Mixed AADC	\$0.390	\$0.404	\$0.014	3.6%
AADC	\$0.368	\$0.374	\$0.006	1.6%
3-Digit	\$0.365	\$0.374	\$0.009	2.5%
5-Digit	\$0.340	\$0.350	\$0.010	2.9%

- The Full Service Intelligent Mail® barcode incentive of .3 cents is continued. This incentive equates to a savings of \$3.00 per 1000 pieces.

STANDARD MAIL® HIGHLIGHTS (overall increase 2.124%)

Letters	1.867%
Flats	2.209%
Parcels	2.864%
High Density / Saturation Letters	2.298%
High Density / Saturation Flats and Parcels	2.878%
Carrier Route	2.425%

- The Full Service Intelligent Mail® barcode incentive of .1 cents is continued. This incentive equates to a savings of \$1.00 per 1000 pieces.
- The category of Not Flat-Machinables will be discontinued from the Market Dominant product category and replaced with a new Marketing parcels category with Competitive products. This new Marketing parcels category will have different dimensions and addressing standards than NFMs. It will be specifically targeted as a vehicle for mailers to offer product samples and will use alternate forms of addressing, such as including “Or Current Resident” along with the mail piece’s address. Marketing parcels will include both Commercial and Nonprofit pricing. According to the proposal, Marketing parcels will have

minimum dimensions of 3.5 inches in height by 5 inches in length and 0.009 inches in thickness. Maximum dimensions will be 9 inches in height by 12 inches in length, 2 inches in thickness and a weight less than 16 ounces.

- Mailers that used NFMs for fulfillment purposes will have to use an option other than Marketing parcels, and nonprofit mailers will use the Standard Mail® nonprofit irregular parcels category instead of NFMs for their fulfillment-type mailings. Nonprofit irregular and machinable parcels will remain in market dominant Standard Mail® and must be large enough to accommodate the postage, address and other required elements on the address side of the piece, and can be no larger than 108 inches in combines length and girth and must weigh less than 16 ounces.

PACKAGE SERVICES HIGHLIGHTS (overall increase 2.133%)

Single Piece Parcel Post	2.472%
BPM Flats	0.504%
BPM Parcels	1.886%
Media Mail and Library Mail	2.581%
Inbound Surface Parcel Post	1.958%

- The 3-cent barcode discount on Package Service (Library Mail, Media Mail and Bound Printed Matter) machinable parcels will be eliminated.

Additional changes include but are not limited to the following:

- The annual permit mailing fee will be waived as long as 90 percent of the mail volume of each mailing meets Full-Service Intelligent Mail® barcode standards, for First-Class Mail, Standard Mail, Bound Printed Matter, First-Class Package Service, and Parcel Select Lightweight.
- The prices for Confirm® service are being set to zero, because the Postal Service intends to end Confirm service once existing customers' subscriptions end. The service will become a feature of the classes of mail that include letters and flats when the mailers use an IMb that contains a Mailer Identification (MID) code that has been registered to receive scan data.

To read the entire USPS filing with the Postal Regulatory Commission, see <http://www.prc.gov/Docs/76/76795/Notice%20of%20Rate%20Adjustment%20Final.pdf>

EXTRA SERVICES		Current:	Proposed:
Certified Mail™		\$2.85	\$2.95
Certificate of Mailing			
	Individual article	\$1.15	\$1.15
	Three or more pieces (3877)	\$0.42	\$0.44
Registered Mail™			
	Declared Value	\$0.00	\$10.75
		\$0.01 - \$100	\$11.50
Return Receipt			
	Original (green card)	\$2.30	\$2.35
	Electronic	\$1.15	\$1.15
	After mailing	\$4.70	\$4.75
Restricted Delivery		\$4.50	\$4.55
Signature Confirmation™			
	Electronic	\$2.05	\$2.10
	Retail	\$2.45	\$2.55
Delivery Confirmation™			
	First-Class Mail® (parcels only)		
	Retail	\$0.80	\$0.85
	Electronic	\$0.19	\$0.00
	First-Class™ Package Service—Electronic	\$0.19	\$0.00
	Priority Mail®		
	Retail	\$0.70	\$0.75
	Electronic	\$0.00	\$0.00
	Package Services (parcels only)		
	Returns with integrated label n/a		\$0.00
	Retail	\$0.80	\$0.85
	Electronic	\$0.19	\$0.00
	Standard Mail® (only parcels)-Electronic	\$0.19	\$0.19
	Parcel Select® – Electronic	\$0.00/.19	\$0.00

In the coming weeks, Pitney Bowes will be providing you with additional price and regulatory information as well as solutions and strategies to mitigate anticipated postage increases!

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