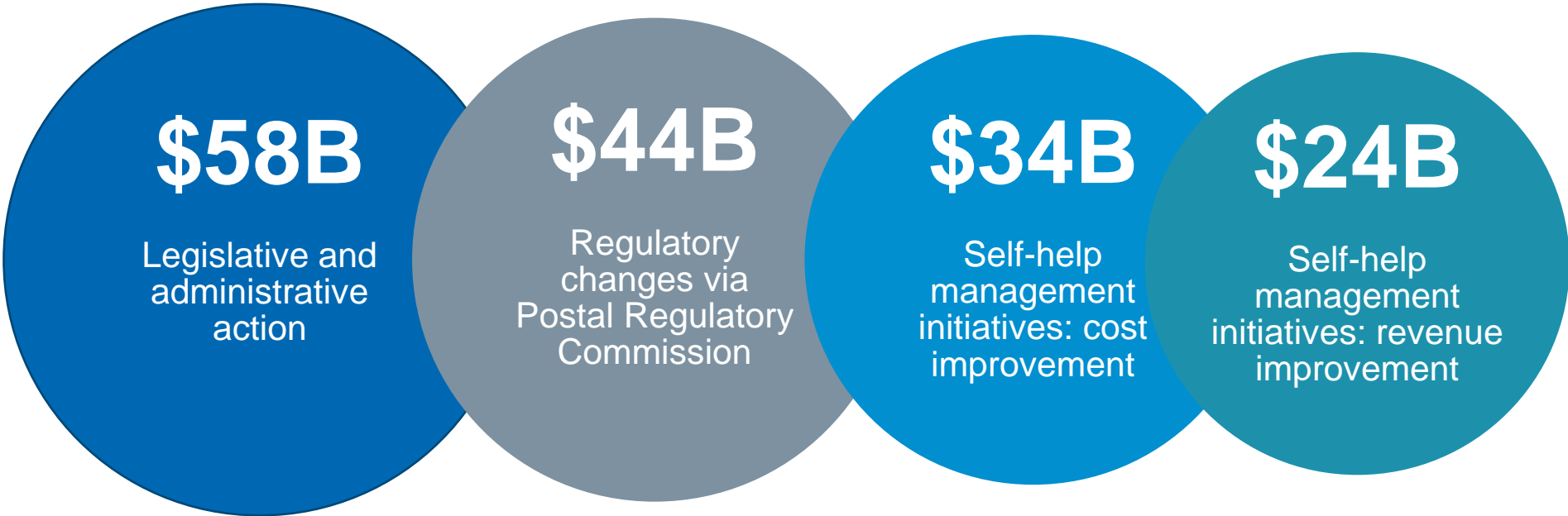


# Price Adjustments January 2024

**Sharon Owens**  
**Vice President, Pricing &  
Costing**

October 2023

# The DFA Plan laid out a **Balanced Approach** to Revitalizing the Postal Service



# 2-Year Progress Report & Key Accomplishments

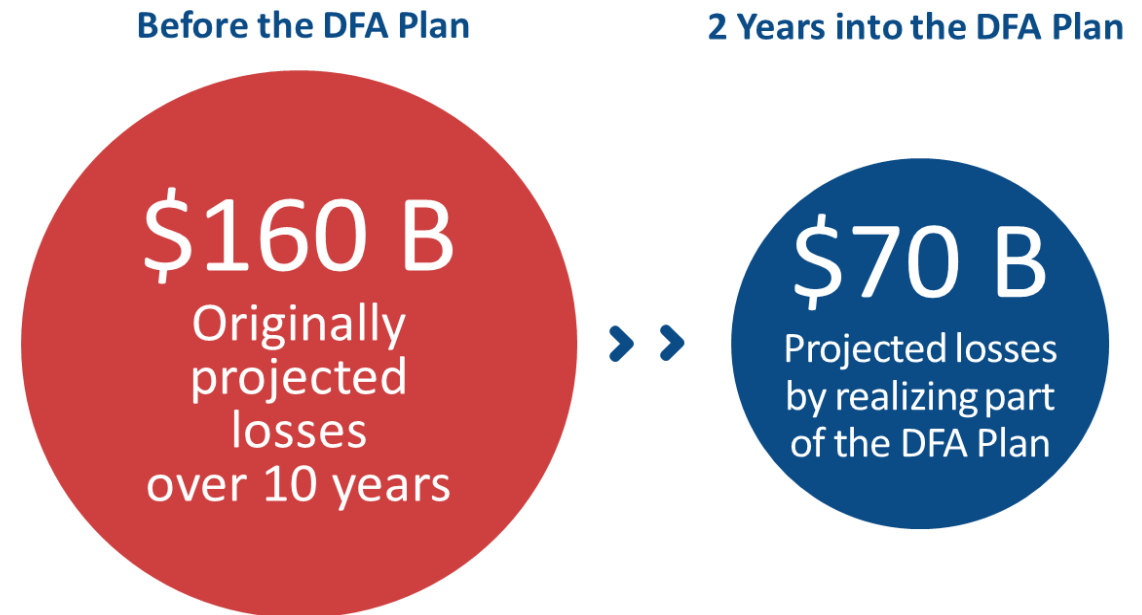


- ✓ Improved service performance with **98% of the nation's people receiving mail and packages within 3 days**
- ✓ Had **2 successful peak seasons** due to increasing our processing capability to **60 million packages per day**
- ✓ Packaged and delivered **750+ million COVID test kits** to American households in an **average of just 1.2 days**
- ✓ **Decreased our projected losses from \$160 billion to \$70 billion over 10 years**
- ✓ Secured enactment of the **Postal Service Reform Act into law** to reduce expenses by **\$48 billion over 10 years**
- ✓ Converted **150,000 pre-career employees<sup>1</sup>** to career status
- ✓ **Cut the supervisor vacancy rate from 15% to 8%**

# Decreased Our 10-Year Projected Losses by \$90 Billion in Realizing Parts of the DFA

During the first-two years, we decreased our projected losses for the decade by more than half – from \$160 billion to \$70 billion. One key part was enactment of the Postal Service Reform Act (PSRA) to eliminate the prefunding mandate and better integrate our program with Medicare. New revenue streams and cost savings have also helped close the gap.

We have made strong progress towards our 2030 breakeven goal and despite financial stress. Inflation has added an unexpected \$3 billion burden to our costs. We plan to manage controllable costs by optimizing our network and labor productivity.



# Improved and Stabilized Service Performance

We have improved and stabilized service performance across all categories by implementing portions of the DFA 10-year Plan. Average time to deliver a mailpiece across our network was 2.5 days in FY23 Q3. This is compared to 2.7 days for FY21, demonstrating increased speed of delivery since launch of the DFA Plan.

**Currently, 98% of the nation's population receives their mail and packages in less than three days.**

## ON-TIME SERVICE PERFORMANCE FOR THE THIRD-QUARTER FY23:

### First-Class Mail

 **92.6%**

An improvement of 9.9%, compared to the 82.7% on-time rate for FY21\*.

### Marketing Mail

 **95.8%**

An improvement of 8.2%, compared to the 87.6% on-time rate for FY21\*.

### Periodicals

 **88.9%**

An improvement of 13.3%, compared to the 75.6% on-time rate for FY21\*.

# Upgrading Technology & Improving the Customer Experience

We have made significant investments in our outdated technology solutions to improve the customer experience. These investments include best-in-class solutions that we will continue to roll out over the coming years.

## Featured strategies and initiatives:

- ✓ **Modernizing Customer Platforms:** Expanded Informed Delivery for real-time updates on both incoming and outgoing packages
- ✓ **Investing in Our IT Infrastructure:** Deployed over 286,000 new mobile devices to improve tracking visibility and service performance
- ✓ **Advancing Our Retail Solutions:** Adding more self-service kiosks and parcel lockers for customer convenience at select sites
- ✓ **Improving Reliability via an Integrated Logistics Ecosystem:** A Transportation Management System for centralized scheduling and trip management to accommodate customer requests in real-time



# Key DFA Initiatives

## FY23 & Beyond

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### Transforming Our Network

Becoming a cost-efficient, integrated mail and package network



### Optimizing Transportation

Decreasing costs and increasing truck utilization



### Investing in Our Future

Empowering our organization to serve our customers long into the future



### Growing Our Business

Competing better in the marketplace



### Upgrading Technology

Improving the customer experience

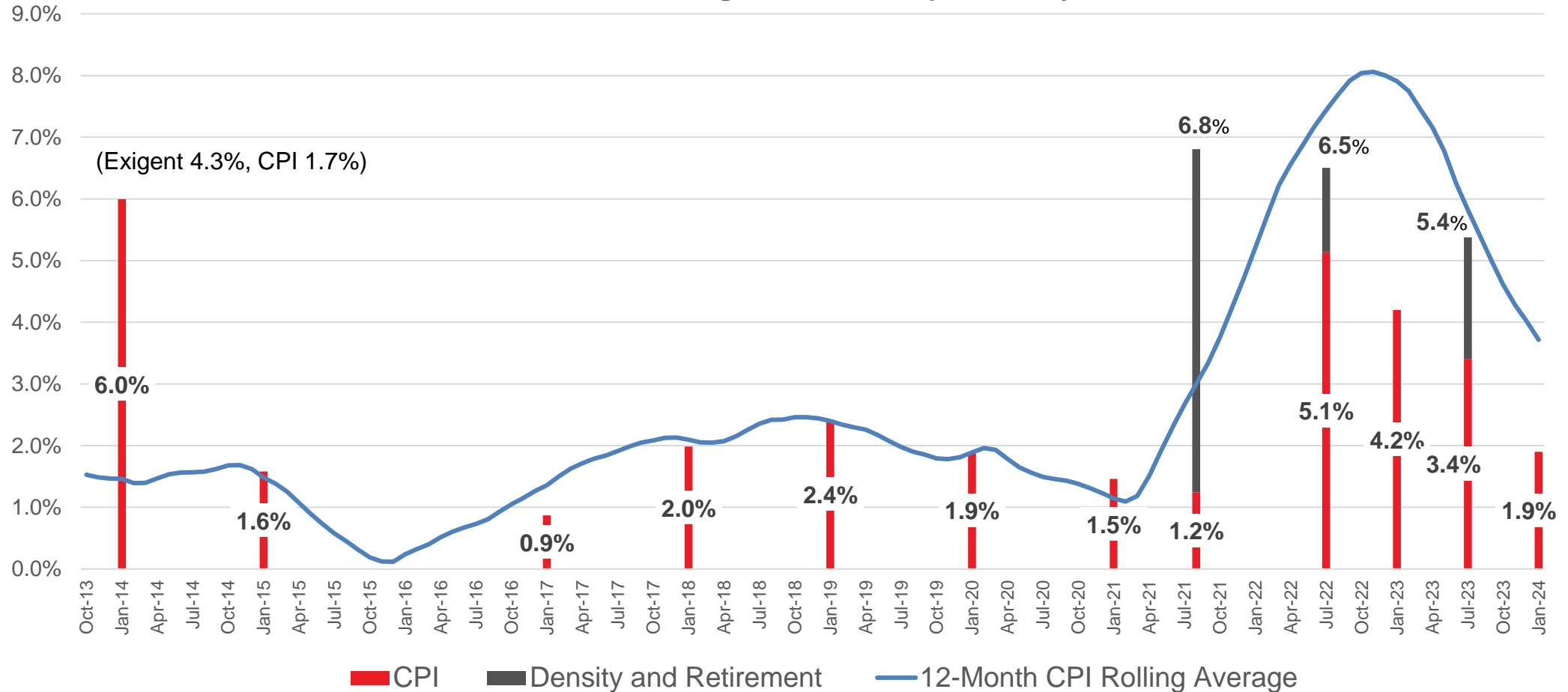
# January 2024 Price Change

**2% Average Increase**



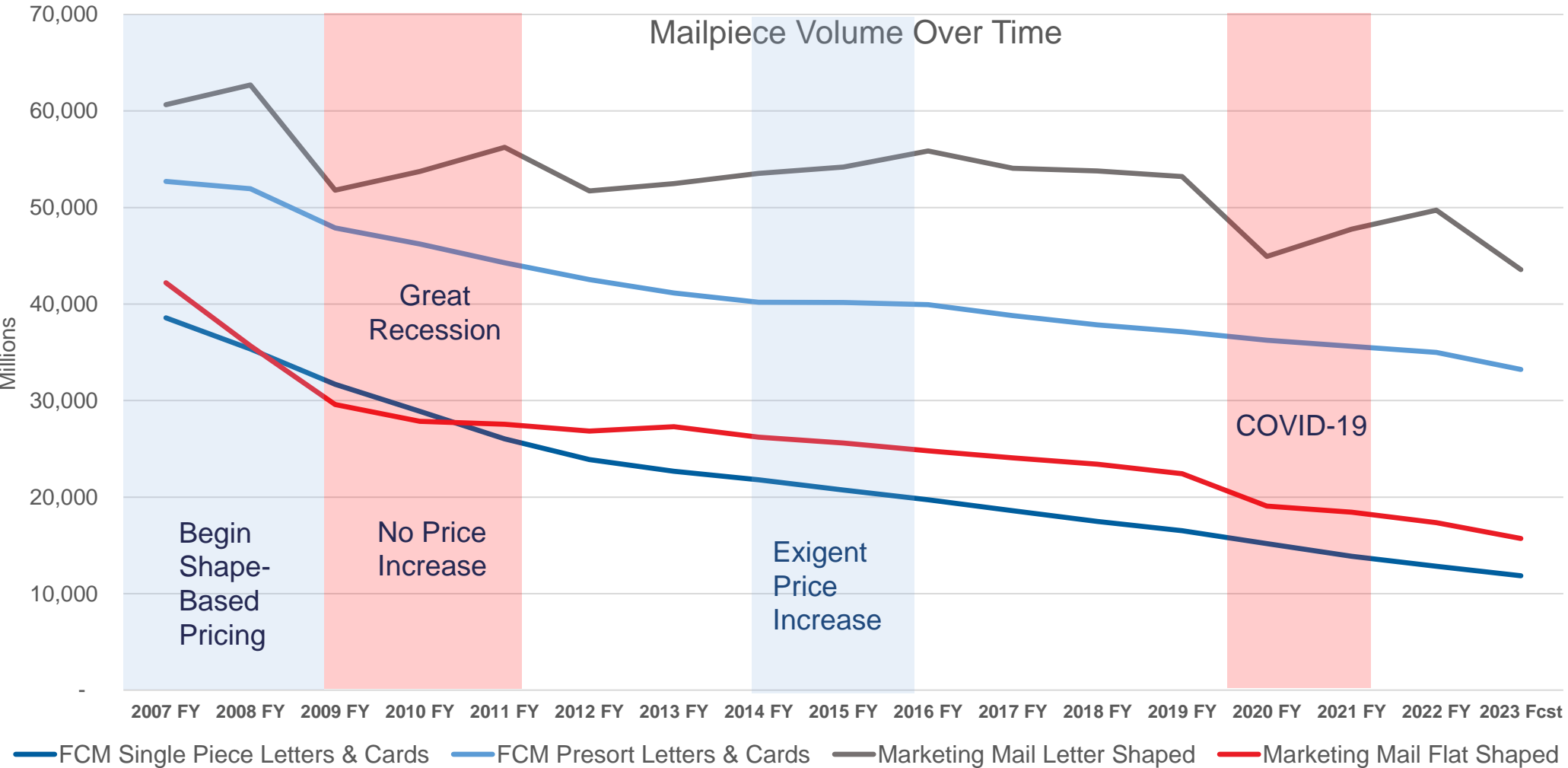
# CPI and Price Cap Authority Available for Price Increases

## Historic and Long Term Price Cap Authority



(Exigent 4.3%, CPI 1.7%)

# Volume Trends – Influenced by Factors Other than Price Changes



Note: Data includes Political & Election Mail

**Marketing Mail Letter-Shaped**  
CAGR -2.0%  
FY23 Aug YTD -11.6%

**First-Class Mail Presort**  
CAGR -2.8%  
FY23 Aug YTD -5.0%

**Marketing Mail Flat-Shaped**  
CAGR -5.7%  
FY23 Aug YTD -8.1%

**First-Class Mail Single-Piece**  
CAGR -7.1%  
FY23 Aug YTD -8.7%

Chart Source: USPS Annual RPW, FY 2007-2022 and FY23 Fcst

# Resources

# Resources

## Online

Postal Explorer® — [pe.usps.com](https://pe.usps.com)

- Current and new prices, in Excel and CSV formats, and draft Notice 123 Pricelist
- *Federal Register* notices detailing the price and classification changes
- *Domestic Mail Manual & International Mail Manual*

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

# Incentives, and Permit Fees

# Full-Service and Seamless Incentives and Permit Fees

	Current Incentive/Fee	Proposed Incentive/Fee	Percent Change
Full Service IMb			
First-Class Mail	\$0.003	\$0.003	0.0%
Marketing Mail	\$0.003	\$0.003	0.0%
Periodicals	\$0.001	\$0.001	0.0%
Package Services	\$0.001	\$0.001	0.0%
Seamless Incentive	\$0.001	\$0.001	0.0%
Permit Fee	\$310.00	\$320.00	3.2%
Periodicals Application Original Entry Fee	\$910.00	\$930.00	2.2%

# 2024 Mail Growth Incentives

USPS is pursuing two new mail incentives to grow volume. Both First-Class Mail and Marketing Mail Growth Incentives will provide eligible mailers a credit on additional mail volume in excess of their baseline volume.

## Eligibility Criteria

1

### Products Eligible for Each Growth Incentive

Products that are eligible for the **First-Class Mail Growth Incentive** include:

- First-Class Mail Presort Letters
- First-Class Mail Presort Cards
- First-Class Mail Presort Flats

Products that are eligible for the **Marketing Mail Growth Incentive\*** includes:

- Marketing Mail Letters and HD/Saturation Letters
- Marketing Mail Flats and HD/Saturation Flats
- Marketing Mail Carrier Route
- Marketing Mail Parcels and Saturation Parcels

2

### Volume Requirement

To qualify for any credits, mailers must have had a **minimum volume of 1 million pieces** mailed during the incentive period (Jan-Dec 2024)

\*Every Door Direct Mail - Retail is not included

## Incentive Details

### Credit for Mail Volume in Excess of FY23 Volume

Mailers will receive a credit for any volume in excess of FY23 baseline volume. Incremental volume above one million pieces and this baseline will be eligible for a **30% credit** that will be issued quarterly (CY24 Q2, Q3, and end of CY24).

**Baseline Period:** October 2022-September 2023 (FY2023)

**Registration Period:** November 2023 – June 2024

**Incentive Performance Period:** January-December 2024

**Earned Credit to Customer Account:**

- July 2024
- October 2024
- February 2025

# Proposed Price Change

## First-Class Mail



# First-Class Mail

Product	Current Price	Proposed Price	Percent Change
Rate Authority			2.0%
Stamp Price	66¢	68¢	3.0%
Meter Price	63¢	64¢	1.6%
Single-Piece Cards	51¢	53¢	3.9%
Single-Piece Flats - 1 ounce	\$1.35	\$1.39	3.0%
Additional ounce rate Letters & Flats	24¢	24¢	0.0%
Nonmachinable surcharge – letters	40¢	44¢	10.0%
Presorted Letters (Auto & Nonauto)	51¢*	52¢*	1.8%
Presorted Cards (Auto & Nonauto)	36¢*	37¢*	0.5%
Presorted Flats (Auto & Nonauto)	\$1.51*	\$1.52*	0.7%
First-Class Mail International Outbound	\$1.50**	\$1.55**	3.3%

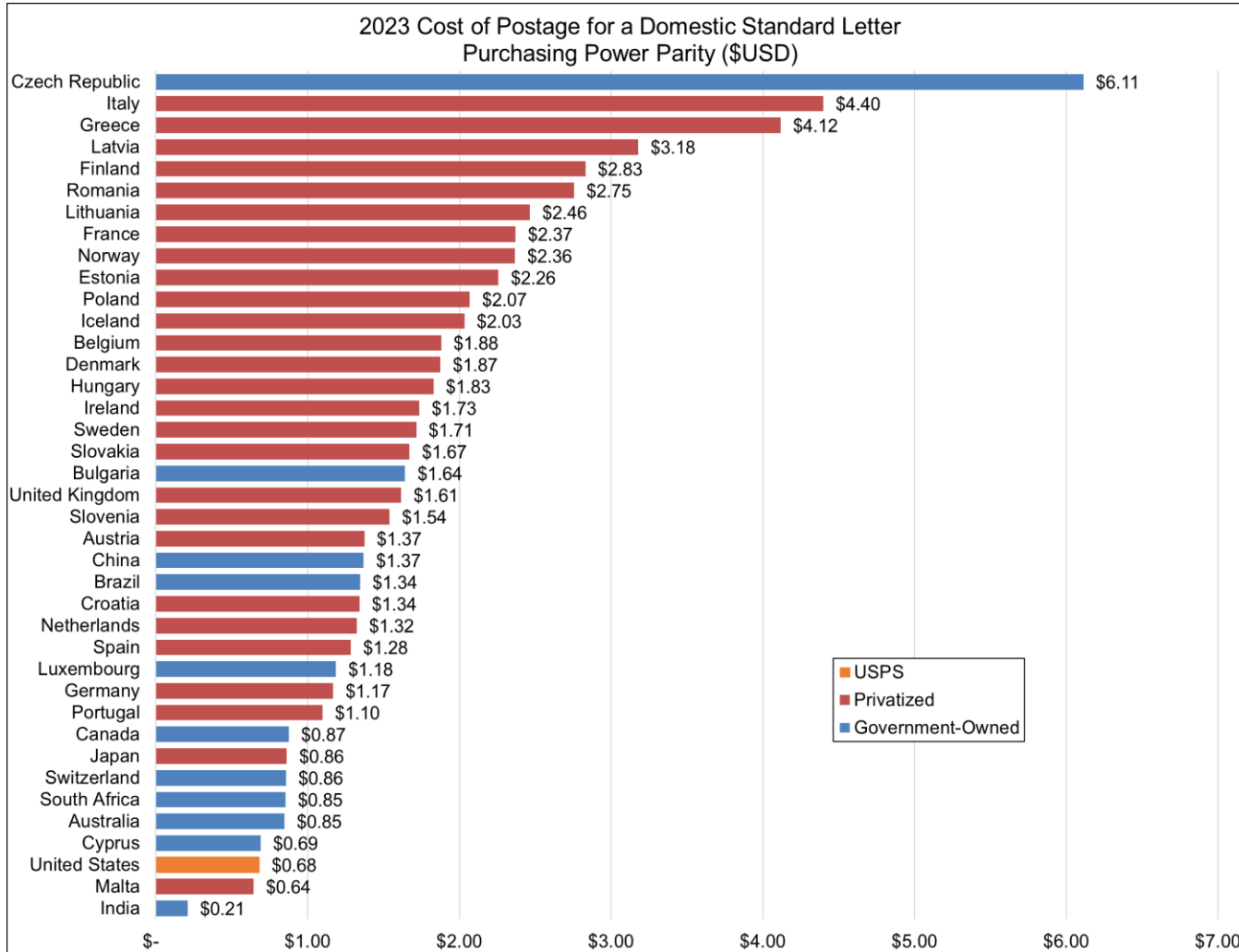
\* Average revenue per piece

\*\* First Class Mail International Letters and Cards 1 ounce price. Inbound prices set by UPU, expected increase 5.8%.



First-Class Mail Stamp price is still one of the lowest in the world

# Relative Cost of Postage as of January 2024



The Postal Service will continue to provide the lowest letter-mail postage rates in the industrialized world.

All source data information on pricing, PPP conversion factors, and privatization status as of 08/21/2023

# First-Class Mail

	Current Price	Proposed Price	\$ Difference	% Difference
<b>1 oz. SP Metered</b>	\$0.63	\$0.64	\$0.01	1.6%
<b>1 oz. Auto Mixed AADC Letters</b>	\$0.561	\$0.571	\$0.010	1.8%
<b>1 oz. Auto AADC Letters</b>	\$0.537	\$0.547	\$0.010	1.9%
<b>1 oz. Auto 5-Digit Letters</b>	\$0.498	\$0.507	\$0.009	1.8%
<b>Shared Mail Letters</b>	\$0.70	\$0.72	\$0.02	2.9%
<b>Nonautomation Presort Cards</b>	\$0.404	\$0.406	\$0.002	0.5%
<b>Mixed AADC Automation Card</b>	\$0.388	\$0.390	\$0.002	0.5%
<b>AADC Automation Card</b>	\$0.376	\$0.378	\$0.002	0.5%
<b>Automation 5-Digit Card</b>	\$0.355	\$0.357	\$0.002	0.5%

Widened incentive to presort  
 \$1 more per 1000 to sort to 5-Digit from AADC Letters

# Proposed Price Change

## Marketing Mail

# Marketing Mail

Product	Current Price	Proposed Price	Percent Change
Rate Authority			2.0%
Letters	\$0.267*	\$0.270*	1.3%
High Density Letters	\$0.273*	\$0.275*	1.1%
High Density Plus Letters	\$0.215*	\$0.220*	2.2%
Saturation Letters	\$0.178*	\$0.179*	0.3%
Flats	\$0.587*	\$0.611*	4.0%
Carrier Route	\$0.372*	\$0.387*	4.0%
High Density Flats	\$0.298*	\$0.312*	4.8%
High Density Plus Flats	\$0.225*	\$0.227*	1.0%
Saturation & EDDM Flats	\$0.192*	\$0.194*	1.4%
EDDM-Retail	\$0.198	\$0.203	2.5%
DAL	\$0.075	\$0.075	0.0%
DML	\$0.095	\$0.100	5.3%
Parcels	\$2.841*	\$3.410*	20.0%

\* Average revenue per piece – percent change is calculated on actual numbers rather than rounded shown

# Marketing Mail Automation Commercial Letters Prices

## Letters Product get below average price increase

Marketing Mail Auto Letters	Current Price	Proposed Price	\$ Difference	% Difference
5-Digit Origin	\$0.326	\$0.330	\$0.004	1.2%
5-Digit DNDC	\$0.299	\$0.303	\$0.004	1.3%
5-Digit DSCF	\$0.291	\$0.295	\$0.004	1.4%
HD DSCF	\$0.282	\$0.286	\$0.004	1.4%
HD Plus DSCF	\$0.223	\$0.229	\$0.006	2.7%
Saturation Origin	\$0.228	\$0.229	\$0.001	0.4%
Saturation DNDC	\$0.201	\$0.202	\$0.001	0.5%
Saturation DSCF	\$0.193	\$0.194	\$0.001	0.5%

# Marketing Mail Piece-Rate Commercial Flats Prices

Marketing Mail Auto Flats	Current Price	New Price	\$ Difference	% Difference
5-Digit DSCF	\$0.518	\$0.548	\$0.030	5.8%
C-R Basic DSCF	\$0.376 <small>\$0.142</small>	\$0.394 <small>\$0.154</small>	\$0.018	4.8%
HD DSCF (125 pieces)	\$0.298	\$0.316	\$0.018	6.0%
HD+ DSCF (300 pieces)	\$0.238	\$0.243	\$0.005	2.1%
Saturation DSCF (90%)	\$0.209	\$0.214	\$0.005	2.4%
Saturation DDU (90%)	\$0.196	\$0.201	\$0.005	2.6%

Widened incentive to presort  
 \$12 more per 1000 to sort to CR entered at DSCF

# Marketing Mail Containerization Discounts

## Delivery Sort Container Discount

Flat-Shaped	Current Discount	New Discount	\$ Difference	% Difference
Basic CR Flats	\$0.024	\$0.027	\$0.003	12.5%
HD Flats	\$0.018	\$0.022	\$0.004	22.2%
HD Plus Flats	\$0.015	\$0.018	\$0.003	20.0%
Saturation/EDDM Flats	\$0.011	\$0.014	\$0.003	27.3%

## SCF Pallet Discount

Flat-Shaped	Current Discount	New Discount	\$ Difference	% Difference
Qualifying ADC, 3D and 5D	\$0.017	\$0.021	\$0.004	23.5%
Basic CR Flats	\$0.014	\$0.017	\$0.003	21.4%
HD Flats	\$0.010	\$0.012	\$0.002	20.0%
HD Plus Flats	\$0.009	\$0.011	\$0.002	22.2%
Saturation/EDDM Flats	\$0.003	\$0.004	\$0.001	33.3%

Widened incentive to presort

### Delivery Sort Container

\$3 more per 1000 for CR flats, HD Plus and Saturation/EDDM flats;

\$4 more per 1000 for HD flat

### SCF Pallet

\$4 more per 1000 for qualifying ADC, 3D and 5D flats

\$3 more per 1000 for CR flats

\$2 more per 1000 for HD flats and HD Plus flats

\$1 more per 1000 for Saturation/EDDM flats



# Discount for letter-shaped pieces on SCF or Finer Presort Pallet

Presort Level	Current Discount	New Discount	\$ Difference	% Difference
Qualifying ADC, AADC, 3-Digit & 5-Digit Letters	\$0.003	\$0.003	\$0.000	0.0%
Auto and Nonauto CR, HD, HD+, Saturation & EDDM Letters	\$0.002	\$0.003	\$0.001	50.0%

Widened incentive to containerize

**SCF Pallet**  
 \$1 more per 1000 for CR, HD and HD Plus, Saturation/EDDM Letters

# Proposed Price Change Periodicals

# Periodicals Mail - FY2022 Revenue \$0.95B (Directional based on preliminary inputs)

Product	FY2022 Revenue \$M	Proposed Price Percent Change
Rate Authority		2%
Outside County	\$904	1.6%
Inside County	\$51	7.3%

\* Inside County percent change is significantly higher than Outside County due to workshare passthrough regulations, where many must be increased by 20%

## Periodicals Mail – Outside County (across the nation)

Product	Proposed Price Change Percentage
Rate Authority	2%
Pounds	0.000%
Pieces	2.3%
Bundles	0.000%
Sacks	0.000%
Trays	0.002%
Pallets	0.000%

Sacks containing flats will only be accepted at DSCF and DDU. Sacks containing parcels will accept at all entry level. Bundles in sacks at other than DSCF and DDU will be required to be placed in a Postal Service provided container and will not be charged a container price.

The prices of bundles in sacks at other than DSCF and DDU will be charged as if these are in Origin Mixed ADC container.

# Proposed Price Change Package Services

# Package Services Mail

Product	Current Price	Proposed Price	Percent Change
Rate Authority			2%
Alaska Bypass Service	\$32.69*	\$32.69*	0.0%
BPM Flats	\$0.961*	\$0.962*	0.1%
BPM Parcels	\$1.45*	\$1.45*	0.0%
Total Media / Library Mail	\$4.97*	\$5.17*	4%

\* Average revenue per piece

Media/Library Mail receive higher than average price increase as they are non-compensatory

# Proposed Price Change

## Special Services

# Ancillary & Special Services

Special Services	Proposed Percent Price Change
Rate Authority	2.2%
Certified	1.2%
Post Office Boxes	2.1%
Return Receipts	3.8%
Money Orders	4.7%*
Insurance	1.6%
Registry	0.0%
Caller Service	1.3%
Other	Varies

\* Money Orders receive higher than average increase as they are non-compensatory





**Questions?**

# Marketing Mail Automation Nonprofit Letters Prices

## Letters Product get below average price increase

Marketing Mail Auto Letters	Current Price	Proposed Price	\$ Difference	% Difference
5-Digit Origin	\$0.171	\$0.173	\$0.002	1.2%
5-Digit DNDC	\$0.144	\$0.146	\$0.002	1.4%
5-Digit DSCF	\$0.136	\$0.138	\$0.002	1.5%
HD DSCF	\$0.134	\$0.135	\$0.001	0.7%
HD Plus DSCF	\$0.132	\$0.133	\$0.001	0.8%
Saturation Origin	\$0.143	\$0.147	\$0.004	2.8%
Saturation DNDC	\$0.116	\$0.120	\$0.004	3.4%
Saturation DSCF	\$0.108	\$0.112	\$0.004	3.7%

\$1 more per 1000 from 5D to HD at DSCF

Operationally there is no difference between 5-Digit and finer sortation levels for letters.

# Marketing Mail Piece-Rate Nonprofit Flats Prices

Marketing Mail Auto Flats	Current Price	New Price	\$ Difference	% Difference
5-Digit DSCF	\$0.293	\$0.309	\$0.016	5.5%
C-R Basic DSCF	\$0.287 <small>\$0.006</small>	\$0.293 <small>\$0.016</small>	\$0.006	2.1%
HD DSCF (125 pieces)	\$0.209	\$0.215	\$0.006	2.9%
HD+ DSCF (300 pieces)	\$0.146	\$0.149	\$0.003	2.1%
Saturation DSCF (90%)	\$0.119	\$0.123	\$0.004	3.4%
Saturation DDU (90%)	\$0.106	\$0.110	\$0.004	3.8%

Widened incentive to presort  
 \$10 more per 1000 to sort to CR entered at DSCF