

# Postal Points

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## Inside this issue ...

### News and views:

**USPS Proposes New Prices to be Effective January 22, 2012.** Keeping within the CPI. *Page 1.*

**Proposed First-Class Mail Prices.** The Forever stamps will still be worth 44 cents. *Page 2.*

**Proposed Standard Mail Prices.** A rate cell for everyone. *Page 3.*

## USPS PROPOSES NEW PRICES TO BE EFFECTIVE JANUARY 22, 2012

On October 18, the Postal Service filed with the Postal Regulatory Commission a proposed price change for market dominant mail and services. If found to meet statutory requirements, the higher rates would be effective January 22, 2012.

Unlike the proposed change in rates that the Postal Service sought in July 2010 under the “exigency” provision of the 2006 postal reform law (a case which has yet to be concluded), the set of rates announced October 18 stays within the statutory CPI-based price cap. Based on the August CPI (released last month) and the applicable formula for a second rate increase within twelve months (the previous one having taken effect last April), the average price increase at the class level in this filing is capped at 2.133%. However, as in previous rate changes, individual prices and rate cells can go up more or less, or not at all.

### ***First-Class Mail***

The overall increase for First-Class Mail is 2.133%.

The single-piece (retail) rates for letters and cards will rise 2.468%. As a result, the price of a stamp (the first ounce rate) will go up to \$0.45 (though the cost of additional ounces will stay at \$0.20 each for letter-size pieces) and the single-piece rate for postcards will go up by three cents to \$0.32. The single-piece rate for flat-size pieces will go up 2.300%, raising the first ounce price to \$0.90. The single-piece prices for parcels will rise by 10.800% to rectify cost coverage issues identified previously. Commercial rate parcels are not included in this rate increase as they were recently transferred to the competitive products category.

For commercial First-Class Mail, the first-ounce price increase will range from \$0.006 (1.6%) to \$0.014 (3.6%) depending on presort level, and the price difference between five-digit and three-digit presort levels will close to \$0.024. Unlike the single-piece rates, the commercial rate price for a two-ounce piece will be the same as for a one-ounce piece, a pricing initiative the Postal Service states was designed to encourage mailers to continue using the mail (rather than electronic alternatives). However, a three-ounce piece will be charged the first-ounce rate plus the rate for two additional ounces.

### ***Periodicals***

Despite current prices for Periodicals that fall well short of covering their attributable costs, the proposed increase for the class will be 2.133%, the maximum possible under the CPI cap.

Rates for inside-county pieces will rise less (2.054%) while outside county rates (which apply to the majority of Periodicals pieces) will increase 2.136%. Within the class’s rate structure, a rate has been added for origin-entered Mixed ADC pallets, an effort to encourage the use of pallets rather than sacks for residual mail.

As in past price changes, and despite the pointed urging of the PRC, the Postal Service has been reluctant to aggressively close the gulf that remains between the new prices and what they should be to achieve 100% cost coverage. Despite the PRC’s opinion, USPS managers recognize that closing that gap realistically cannot be accomplished solely through price increases and, accordingly, they continue to emphasize efforts to identify and mitigate preparation or processing factors that underlie current costs, such as the use of manual rather than automated processing. →

**USPS PROPOSED RATES  
EFFECTIVE  
JANUARY 22, 2012**

**FIRST-CLASS MAIL (\$)**

<b>SINGLE-PIECE</b>	
Cards, each	0.320
Qualified BRM, each	0.298
<b>Letters – First oz./fraction</b>	
Machinable	0.450
Nonmachinable	0.650
Each add'l. oz./fraction	0.200
Qualified BRM, each	0.428
<b>Flats – First oz./fraction</b>	
Each add'l. oz./fraction	0.200
<b>Parcels – First 3 oz./fraction</b>	
Retail	1.950
Each add'l. oz./fraction	0.170
<b>PRESORTED</b>	
Cards, machinable, each	0.280
<b>Letters – First two oz./fraction</b>	
Machinable	0.424
Nonmachinable	0.624
Each add'l. oz./fraction *	0.125
<b>Flats – (Nonauto) First oz./fraction</b>	
Each add'l. oz./fraction	0.170
<b>AUTOMATION</b>	
<b>Cards, ** each</b>	
Mixed AADC	0.255
AADC	0.244
3-digit	0.243
5-digit	0.229
<b>Letters ** – First two oz./fraction</b>	
Mixed AADC	0.404
AADC	0.374
3-digit	0.374
5-digit	0.350
Each add'l. oz./fraction *	0.125
<b>Flats ** – First oz./fraction</b>	
Mixed ADC	0.730
ADC	0.630
3-digit	0.574
5-digit	0.400
Each add'l. oz./fraction	0.170

* Pieces weighing more than two ounces charged \$0.20 for each ounce over one.	
** Discount for each automation card, letter, or flat that meets the standards for the Intelligent Mail full-service option.	0.003
<b>Repositionable notes, letters and flats only, each</b>	0.005
<b>Move Update Assessment Charge, per pc.</b>	0.070

**Standard Mail**

The overall increase for Standard Mail will be 2.124%.

High Density and Saturation rate flats and parcels will be charged 2.878% more while letter rates will rise 2.298%. Carrier route rates for all processing categories will go up 2.425%. Prices for other presorted prices will go up an average of 1.867% for letters and 2.209% for flats. The rates for presorted parcels will be increased 2.864%, far less than the double-digit jump imposed last April.

The Postal Service noted that the below-average increase for letter-size pieces was offset by above-average increases for detached address labels, flats, and parcels, and adjustments to nonprofit letter rates to achieve the statutory ratio with commercial prices. The increase for flats was less severe than would have been preferred by the PRC, which has in the past urged greater increases to improve cost coverage. For its part, however, the USPS moderated the increase realizing the sensitivity to postage costs in the catalog industry and the resulting vulnerability of such mail.

The announced prices also reflect structural changes: NFMs have been renamed “marketing parcels” and, together with nonprofit rate regular and irregular parcels, remain in the market dominant category, while commercial regular and irregular parcels (“fulfillment parcels”) were recently transferred to the competitive products category. The surcharge for DALs for flats is reworked as well, with separate (but currently identical) pricing established for those with advertising and those without; the surcharge is eliminated for DALs used with parcels.

**Package Services**

The price increase for Package Service will be 2.133% on average.

Within the class, the rates for Bound Printed Matter flats increases by 0.504% and for BPM parcels by 1.886%. Single-piece (retail) Parcel Post prices are proposed to increase 2.472%, while a 2.581% price increase is planned for both Media Mail and Library Mail. Stating that “all mail will be required to have a barcode in the near future,” the Postal Service determined the current barcode discount for BPM, Media Mail, and Library Mail “will be obsolete” and eliminated it from the proposed pricing.

**Extra services**

Though not a “class,” prices for extra services are treated as one for purposes of applying the rate cap. As a group, though prices for individual extra services mostly will rise, the net average change is a decrease of 0.663%. The agency explained this was “a result of including delivery confirmation as an integral part of several parcel offerings at no additional fee.”

The fees for delivery confirmation are dropping an average of 31.8%, and Confirm prices are being set a zero “because the Postal Service intends to end Confirm service once existing customers’ subscriptions end.”

The agency also stated that it will waive permit fees “as long as 90 percent of the mail volume of each mailing meets Full-Service standards” for the applicable classes and types of mail.

**The timeline**

Working from a filing on October 18, the Postal Service expects a determination on its proposal by the PRC to enable implementation of its proposed rates at 12:01am on Sunday, January 22.

More information will be in the October 31 issue of *Postal Points*. [\[TOP\]](#)

# USPS-PROPOSED RATES – TO BE EFFECTIVE JANUARY 22, 2012

## STANDARD MAIL

Annual fee – \$195.00  
 Customized MarketMail, per piece – \$0.460 (Commercial rate), \$0.334 (Nonprofit rate)  
 Repositionable notes, each – \$0.015  
 Automation letters or automation, high-density, or carrier route flats that meet the standards for the Intelligent Mail full-service option,  
 discount per piece – \$0.001  
 Move update: Assessment charge, per piece – \$0.07; Noncompliance charge, per piece – \$0.07

### All pieces weighing 3.3 ounces (0.2063 lb.) or less, each

Commercial Rates (\$)					Nonprofit Rates (\$)						
DESTINATION ENTRY RATES					DESTINATION ENTRY RATES						
None	NDC	SCF	DDU	None	NDC	SCF	DDU	None	NDC	SCF	DDU
<b>LETTERS</b>											
<b>CARRIER ROUTE</b>											
Basic	0.271	0.238	0.228	N/A	Basic	0.194	0.161	0.151	N/A		
High Density	0.199	0.166	0.156	N/A	High Density	0.125	0.092	0.082	N/A		
Saturation	0.185	0.152	0.142	N/A	Saturation	0.111	0.078	0.068	N/A		
Nonautomation Basic	0.271	0.238	0.228	N/A	Nonautomation Basic	0.194	0.161	0.151	N/A		
Nonautomation High Density	0.224	0.191	0.181	N/A	Nonautomation High Density	0.149	0.116	0.106	N/A		
Nonautomation Saturation	0.197	0.164	0.154	N/A	Nonautomation Saturation	0.122	0.089	0.079	N/A		
<b>AUTOMATION</b>											
Mixed AADC	0.278	0.245	N/A	N/A	Mixed AADC	0.166	0.133	N/A	N/A		
AADC	0.262	0.229	0.219	N/A	AADC	0.150	0.117	0.107	N/A		
3-Digit	0.260	0.227	0.217	N/A	3-Digit	0.148	0.115	0.105	N/A		
5-Digit	0.242	0.209	0.199	N/A	5-Digit	0.130	0.097	0.087	N/A		
<b>NONAUTOMATION</b>											
Mixed AADC (Machinable)	0.281	0.248	N/A	N/A	Mixed AADC (Machinable)	0.172	0.139	N/A	N/A		
AADC (Machinable)	0.265	0.232	0.222	N/A	AADC (Machinable)	0.156	0.123	0.113	N/A		
Mixed ADC (Nonmachinable)	0.621	0.588	N/A	N/A	Mixed ADC (Nonmachinable)	0.509	0.476	N/A	N/A		
ADC (Nonmachinable)	0.524	0.491	0.481	N/A	ADC (Nonmachinable)	0.412	0.379	0.369	N/A		
3-digit (Nonmachinable)	0.485	0.452	0.442	N/A	3-digit (Nonmachinable)	0.373	0.340	0.330	N/A		
5-digit (Nonmachinable)	0.392	0.359	0.349	N/A	5-digit (Nonmachinable)	0.280	0.247	0.237	N/A		
<b>FLATS</b>											
<b>CARRIER ROUTE</b>											
Basic	0.271	0.238	0.228	0.219	Basic	0.194	0.161	0.151	0.142		
High Density #	0.224	0.191	0.181	0.172	High Density #	0.149	0.116	0.106	0.097		
Saturation #	0.197	0.164	0.154	0.145	Saturation #	0.122	0.089	0.079	0.070		
# -Surcharge for use of detached address labels, each – \$0.050					# -Surcharge for use of detached address labels, each – \$0.050						
<b>AUTOMATION</b>											
Mixed ADC	0.504	0.471	N/A	N/A	Mixed ADC	0.356	0.323	N/A	N/A		
ADC	0.494	0.461	0.451	N/A	ADC	0.346	0.313	0.303	N/A		
3-digit	0.438	0.405	0.395	N/A	3-digit	0.290	0.257	0.247	N/A		
5-digit	0.353	0.320	0.310	N/A	5-digit	0.214	0.181	0.171	N/A		
<b>NONAUTOMATION</b>											
Mixed ADC	0.561	0.528	N/A	N/A	Mixed ADC	0.413	0.380	N/A	N/A		
ADC	0.528	0.495	0.485	N/A	ADC	0.380	0.347	0.337	N/A		
3-digit	0.470	0.437	0.427	N/A	3-digit	0.332	0.299	0.289	N/A		
5-digit	0.388	0.355	0.345	N/A	5-digit	0.251	0.218	0.208	N/A		
<b>PARCELS</b>											
<b>CARRIER ROUTE</b>											
Basic	0.623	0.577	0.528	0.491	Basic	0.527	0.481	0.432	0.395		
High Density	0.484	0.438	0.389	0.352	High Density	0.353	0.307	0.258	0.221		
Saturation	0.479	0.429	0.380	0.343	Saturation	0.344	0.298	0.249	0.212		
<b>MARKETING</b>											
Mixed NDC *	1.470	N/A	N/A	N/A	Mixed NDC *	1.340	N/A	N/A	N/A		
NDC *	1.055	0.009	N/A	N/A	NDC *	0.964	0.918	N/A	N/A		
SCF *	N/A	0.637	0.588	N/A	SCF *	N/A	0.574	0.525	N/A		
5-digit	N/A	0.613	0.564	0.527	5-digit	N/A	0.552	0.503	0.466		
* Surcharge, non-barcoded pieces, each – \$0.064					* Surcharge, non-barcoded pieces, each – \$0.064						
<b>IRREGULAR</b>											
Mixed NDC *	N/A	N/A	N/A	N/A	Mixed NDC *	1.476	N/A	N/A	N/A		
NDC *	N/A	N/A	N/A	N/A	NDC *	1.107	1.061	N/A	N/A		
SCF *	N/A	N/A	N/A	N/A	SCF *	N/A	0.717	0.668	N/A		
5-digit	N/A	N/A	N/A	N/A	5-digit	N/A	0.692	0.643	0.606		
* Surcharge, non-barcoded pieces, each – \$0.064					* Surcharge, non-barcoded pieces, each – \$0.064						

# USPS-PROPOSED RATES – TO BE EFFECTIVE JANUARY 22, 2012

## STANDARD MAIL

**For pieces weighing more than 3.3 ounces (0.2063 lb.) (3.5 ounces for Nonprofit Machinable Parcels)**

Commercial Rates (\$)						Nonprofit Rates (\$)					
DESTINATION ENTRY RATES						DESTINATION ENTRY RATES					
		None	NDC	SCF	DDU			None	NDC	SCF	DDU
<b>LETTERS</b>											
<b>CARRIER ROUTE</b>											
	per pc.+	per lb.	per lb.	per lb.	per lb.		per pc.+	per lb.	per lb.	per lb.	per lb.
Basic	0.127	0.700	0.539	0.491	N/A	Basic	0.085	0.530	0.369	0.321	N/A
High Density	0.073	0.609	0.448	0.400	N/A	High Density	0.034	0.439	0.278	0.230	N/A
Saturation	0.059	0.609	0.448	0.400	N/A	Saturation	0.020	0.439	0.278	0.230	N/A
<b>AUTOMATION</b>											
Mixed AADC	0.125	0.744	0.583	N/A	N/A	Mixed AADC	0.034	0.639	0.478	N/A	N/A
AADC	0.109	0.744	0.583	0.535	N/A	AADC	0.018	0.639	0.478	0.430	N/A
3-digit	0.107	0.744	0.583	0.535	N/A	3-digit	0.016	0.639	0.478	0.430	N/A
5-digit	0.089	0.744	0.583	0.535	N/A	5-digit	0.000	0.639	0.478	0.430	N/A
<b>NONAUTOMATION</b>											
Basic	0.127	0.700	0.539	0.491	N/A	Basic	0.085	0.530	0.369	0.321	N/A
High Density	0.098	0.609	0.448	0.400	N/A	High Density	0.058	0.439	0.278	0.230	N/A
Saturation	0.071	0.609	0.448	0.400	N/A	Saturation	0.031	0.439	0.278	0.230	N/A
Mixed AADC	0.408	0.744	0.583	N/A	N/A	Mixed AADC	0.281	0.639	0.478	N/A	N/A
AADC	0.375	0.744	0.583	0.535	N/A	AADC	0.248	0.639	0.478	0.430	N/A
3-digit	0.317	0.744	0.583	0.535	N/A	3-digit	0.200	0.639	0.478	0.430	N/A
5-digit	0.235	0.744	0.583	0.535	N/A	5-digit	0.119	0.639	0.478	0.430	N/A
<i>Surcharge for use of detached address labels, each – \$0.017</i>						<i>Surcharge for use of detached address labels, each – \$0.017</i>					
<b>FLATS</b>											
<b>CARRIER ROUTE</b>											
	per pc.+	per lb.	per lb.	per lb.	per lb.		per pc.+	per lb.	per lb.	per lb.	per lb.
Basic	0.127	0.700	0.539	0.491	0.448	Basic	0.085	0.530	0.369	0.321	0.278
High Density #	0.098	0.609	0.448	0.400	0.357	High Density #	0.058	0.439	0.278	0.230	0.187
Saturation #	0.071	0.609	0.448	0.400	0.357	Saturation #	0.031	0.439	0.278	0.230	0.187
<i># - Surcharge for use of detached address labels, each – \$0.050</i>						<i># - Surcharge for use of detached address labels, each – \$0.050</i>					
<b>AUTOMATION</b>											
Mixed ADC	per pc.+	per lb.	per lb.	per lb.	per lb.	Mixed ADC	per pc.+	per lb.	per lb.	per lb.	per lb.
ADC	0.351	0.744	0.583	N/A	N/A	ADC	0.224	0.639	0.478	N/A	N/A
3-digit	0.341	0.744	0.583	0.535	N/A	3-digit	0.214	0.639	0.478	0.430	N/A
5-digit	0.285	0.744	0.583	0.535	N/A	5-digit	0.158	0.639	0.478	0.430	N/A
5-digit	0.200	0.744	0.583	0.535	N/A	5-digit	0.082	0.639	0.478	0.430	N/A
<b>NONAUTOMATION</b>											
Mixed ADC	per pc.+	per lb.	per lb.	per lb.	per lb.	Mixed ADC	per pc.+	per lb.	per lb.	per lb.	per lb.
ADC	0.408	0.744	0.583	N/A	N/A	ADC	0.281	0.639	0.478	N/A	N/A
3-digit	0.375	0.744	0.583	0.535	N/A	3-digit	0.248	0.639	0.478	0.430	N/A
5-digit	0.317	0.744	0.583	0.535	N/A	5-digit	0.200	0.639	0.478	0.430	N/A
5-digit	0.235	0.744	0.583	0.535	N/A	5-digit	0.119	0.639	0.478	0.430	N/A
<b>PARCELS</b>											
<b>CARRIER ROUTE</b>											
	per pc.+	per lb.	per lb.	per lb.	per lb.		per pc.+	per lb.	per lb.	per lb.	per lb.
Basic	0.443	0.875	0.651	0.413	0.234	Basic	0.383	0.696	0.472	0.234	0.055
High Density	0.310	0.846	0.622	0.384	0.205	High Density	0.220	0.646	0.422	0.184	0.005
Saturation	0.301	0.846	0.622	0.384	0.205	Saturation	0.211	0.646	0.422	0.184	0.005
<b>MACHINABLE</b>											
Mixed NDC *	per pc.+	per lb.	per lb.	per lb.	per lb.	Mixed NDC *	per pc.+	per lb.	per lb.	per lb.	per lb.
NDC *	N/A	N/A	N/A	N/A	N/A	NDC *	1.163	0.094	N/A	N/A	N/A
5-digit	N/A	N/A	N/A	N/A	N/A	5-digit	0.794	0.094	0.716	N/A	N/A
	N/A	N/A	N/A	N/A	N/A		0.544	N/A	0.716	0.478	0.299
<b>MARKETING</b>											
Mixed NDC *	1.260	1.018	N/A	N/A	N/A	Mixed NDC *	1.149	0.928	N/A	N/A	N/A
NDC *	0.845	1.018	0.794	N/A	N/A	NDC *	0.773	0.928	0.704	N/A	N/A
SCF *	0.473	N/A	0.794	0.556	N/A	SCF *	0.429	N/A	0.704	0.466	N/A
5-digit	0.449	N/A	0.794	0.556	0.377	5-digit	0.407	N/A	0.704	0.466	0.287
<i>* Surcharge, nonbarcoded pieces, each – \$0.064</i>						<i>* Surcharge, nonbarcoded pieces, each – \$0.064</i>					
<b>IRREGULAR</b>											
Mixed NDC *	N/A	N/A	N/A	N/A	N/A	Mixed NDC *	1.282	0.940	N/A	N/A	N/A
NDC *	N/A	N/A	N/A	N/A	N/A	NDC *	0.913	0.940	0.716	N/A	N/A
SCF *	N/A	N/A	N/A	N/A	N/A	SCF *	0.569	N/A	0.716	0.478	N/A
5-digit	N/A	N/A	N/A	N/A	N/A	5-digit	0.544	N/A	0.716	0.478	0.299
<i>* Surcharge, nonbarcoded pieces, each – \$0.064</i>						<i>* Surcharge, nonbarcoded pieces, each – \$0.064</i>					

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