

NOV 14 2022

LABOR RELATIONS



November 10, 2022

Mr. Ivan D. Butts
President
National Association of Postal Supervisors
1727 King Street, Suite 400
Alexandria, VA 22314-2753

Dear Ivan:

As a matter of general interest, today, the Postal Service filed notice with the Postal Regulatory Commission (PRC) regarding price changes to Shipping Services to take effect January 22, 2023.

If favorably reviewed by the PRC, the proposed price changes to Shipping Services are part of the Postal Service's 10-year "Delivering for America" plan which is designed to help reverse a projected \$160 billion in operating losses over the next 10 years.

The proposed domestic Priority Mail Flat Rate retail price changes are:

Product	Current	Planned Change
Small flat-rate box	\$10.40	\$10.20
Medium flat-rate box	\$17.05	\$17.10
Large flat-rate box	\$22.45	\$22.80
APO/FPO large flat-rate box	\$20.95	\$21.20
Regular flat-rate envelope	\$ 9.90	\$ 9.65
Legal flat-rate envelope	\$10.20	\$ 9.95
Padded flat-rate envelope	\$10.60	\$10.40

There is no price increase for Parcel Select Ground or [USPS Connect Local](#). Notably, some Priority Mail flat-rate retail product prices will be reduced compared with the temporary rate adjustment currently in place, and Priority Mail commercial rates will increase by only 3.6 percent, well below the rate of inflation.

Overall, Priority Mail service prices would increase approximately 5.5 percent, Priority Mail Express service prices would increase by 6.6 percent, and First-Class Package Service prices would increase by 7.8 percent.

Enclosed is the Press Release and "Talking Points and Q&A" relevant to this matter.

LABOR RELATIONS

Please contact Bruce Nicholson at extension 7773 if you have questions concerning this matter.

Sincerely,



James Lloyd
Director (A)
Labor Relations Policies and Programs

Enclosures



POSTAL NEWS

FOR IMMEDIATE RELEASE
Nov. 10, 2022

Contact: David P. Coleman
david.p.coleman@usps.gov
usps.com/news



U.S. Postal Service Announces New Competitive Prices for 2023

USPS offers some of the lowest shipping rates in the mailing industry and is a great value to reach the more than 163 million delivery points we service across America

- *No price increase for Parcel Select Ground which, coupled with our recently improved service standard to 2-5 days from 2-8 days, offers a reliable and economical option for shippers*
- *No price increase for USPS Connect Local, which gives businesses of all sizes the ability to reach local customers at affordable rates*
- *Reduced pricing for some Retail Priority Mail Flat-Rate products below the temporary price currently in place*
- *Priority Mail Commercial rate to increase by 3.6 percent, well below the rate of inflation*

WASHINGTON — The U.S. Postal Service filed notice with the Postal Regulatory Commission (PRC) today of price changes for Shipping Services to take effect Jan. 22, 2023.

These proposed prices were approved by the Postal Service governors. Notably, there is no price increase for Parcel Select Ground, which continues to be a reliable and economical shipping option. The pricing for [USPS Connect Local](#) will remain unchanged. This service provides businesses with an affordable same-day and next-day delivery for their local customers.

In addition, some Priority Mail flat-rate retail product prices will be reduced compared with the temporary rate adjustment currently in place, and Priority Mail commercial rates will increase by only 3.6 percent, well below the rate of inflation.

Overall, Priority Mail service prices would increase approximately 5.5 percent, Priority Mail Express service prices would increase by 6.6 percent, and First-Class Package Service prices would increase by 7.8 percent. The PRC will review the prices before they are scheduled to take effect.

Shipping Services price adjustments vary by product. Although Mailing Services price increases are based on the consumer price index, Shipping Services prices are primarily adjusted according to market conditions. The Postal Service governors evaluate shipping rates and fees and adjust them when needed as part of Postal Service's 10-year [Delivering For](#)

[America plan](#) which is designed to reverse a projected \$160 billion in operating losses over the next 10 years.

The Postal Service has some of the lowest letter mail postage rates in the industrialized world and also continues to offer a great value in shipping. Unlike some other shippers, the Postal Service has upfront pricing and does not add surcharges for residential delivery or regular Saturday delivery.

The proposed domestic Priority Mail Flat Rate retail price changes are:

Product	Current	Planned Change
Small flat-rate box	\$10.40	\$10.20
Medium flat-rate box	\$17.05	\$17.10
Large flat-rate box	\$22.45	\$22.80
APO/FPO large flat-rate box	\$20.95	\$21.20
Regular flat-rate envelope	\$ 9.90	\$ 9.65
Legal flat-rate envelope	\$10.20	\$ 9.95
Padded flat-rate envelope	\$10.60	\$10.40

The complete Postal Service price filings with prices for all products can be found on the PRC website under the Daily Listings section at prc.gov/dockets/daily. For the Shipping Services filing, see Docket No. CP2023-42. The Postal Service provides additional resources to assist customers regarding the price changes. These tools include price lists, downloadable price files and Federal Register Notices. This information will be available on the Postal Service's Postal Explorer website at pe.usps.com/PriceChange/Index on Wednesday November 16, 2022.

The Postal Service generally receives no tax dollars for operating expenses and relies on the sale of postage, products and services to fund its operations.

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Please Note: For U.S. Postal Service media resources, including broadcast-quality video and audio and photo stills, visit the [USPS Newsroom](#). Follow us on [Twitter](#), [Instagram](#), [Pinterest](#) and [LinkedIn](#). Subscribe to the [USPS YouTube channel](#), like us on [Facebook](#) and enjoy our [Postal Posts blog](#). For more information about the Postal Service, visit usps.com and facts.usps.com.

Talking Points and Frequently Asked Questions

Shipping Services Price Change - 2023

Talking Points

- As part of its 10-year plan to achieve financial sustainability and service excellence, the United States Postal Service has filed notice with the Postal Regulatory Commission (PRC) of price changes for shipping products including Priority Mail and Priority Mail Express products to take effect Jan. 22, 2023.
- Even with proposed shipping rate adjustments, USPS prices will remain among the world's most affordable and offers a great shipping value.
- Pricing-generated revenue to help fund \$40 billion of investments in people, technology, and infrastructure to modernize and improve Postal Service's operations and customer experience.
- Shipping Services prices are primarily adjusted according to market conditions.
- The proposed prices, approved by the Postal Service Governors, would raise Shipping Services product prices approximately 5.5 percent for Priority Mail service, and 6.6 percent for Priority Mail Express service. Shipping Services price adjustments vary by product.
- These near-term pricing actions are needed to address USPS operating losses.
- The proposed domestic Priority Mail Flat Rate Retail price changes are:

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Small Flat-Rate Box	\$10.40	\$10.20
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Internal FAQs

1. What is happening to the prices?

The Postal Service is asking the PRC to review increases in the prices for Shipping Service products including Priority Mail and Priority Mail Express service. The rate change request is part of balanced approach under "Delivering for America," the Postal Service's 10-year plan for achieving financial sustainability and service excellence.

Shipping Services prices are primarily adjusted according to market conditions. The proposed prices, approved by the Postal Service Governors, would raise Shipping Services product prices approximately 5.5 percent for Priority Mail service, and 6.6

percent for Priority Mail Express service. Shipping Services price adjustments vary by product.

The Governors believe these new rates will keep the Postal Service competitive while providing the agency with needed revenue.

If favorably reviewed by the PRC, the new prices will include an increase in the price of a Small Flat-Rate Box to \$10.20. The Medium Flat-Rate Box would increase to \$17.10, the Large Flat-Rate Box would increase to \$22.80 and the price of the APO/FPO Large Flat-Rate Box would increase to \$21.20. Regular Flat-Rate Envelopes, Legal Flat-Rate Envelopes, and Padded Flat-Rate Envelopes would decrease to \$9.65, \$9.95, and \$10.40 respectively.

Even with proposed rate increases, USPS prices will remain among the world's most affordable and a great value in shipping.

2. When will the change take place?

The change is expected to take effect January 22, 2023, if approved by the PRC.

3. Why are the prices changing?

As part of its 10-year plan to achieve financial sustainability and service excellence, the Postal Service is asking the Postal Regulatory Commission (PRC) to review proposed increases to the prices of shipping services including Priority Mail and Priority Mail express products.

The new rates – if favorably reviewed by the PRC – for our shipping service products, will keep the Postal Service competitive while providing the agency with needed revenue.

Even with postage rate increases, USPS prices will remain among the world's most affordable and offers a great value in shipping.

4. How much money will these changes make for the Postal Service?

\$688 million in annualized revenue.

EXTERNAL FAQ

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Shipping Services prices are primarily adjusted according to market conditions. The proposed prices, approved by the Postal Service Governors, would raise Shipping Services product prices approximately 5.5 percent for Priority Mail service, and 6.6 percent for Priority Mail Express service. Shipping Services price adjustments vary by product.

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The new rates – if favorably reviewed by the PRC – for our shipping service products, will keep the Postal Service competitive while providing the agency with needed revenue.

Even with post rate increases, USPS prices will remain among the world's most affordable and offers a great value in shipping.

4. How will this change help the Postal Service?

The rate change request is part of balanced approach under "Delivering for America," the Postal Service's 10-year plan for achieving financial sustainability and service excellence. With full implementation, the 10-year plan reverses a projected \$160 billion in losses over the next 10 years.

5. Has the Postal Service been losing money on package delivery like it has on mail?

According to the Postal Accountability and Enhancement Act (PAEA) of 2006, competitive rates set by the Postal Service are required to cover all of their own costs plus an appropriate share of overhead. These rates are in compliance with that act.

6. How much money does Priority Mail and Priority Mail Express generate for the Postal Service?

Priority Mail and Priority Mail Express, accounted for \$14.0 billion, or 18.2 percent, of the \$77.1 billion in total revenue in FY21.

7. How many packages did the Postal Service deliver in 2021?

The Postal Service delivered 7.4 billion packages to more than 161 million addresses across the country.

8. Do you expect to raise shipping rates again in 2023?

We're continually reviewing our pricing approach for all products.

9. As a result of the Plan, will the public have to pay higher rates for slower package service?

The Plan enables reliable and predictable service to our customers and proposes a fair pricing approach that aligns to market realities. We are pursuing a rational pricing approach, adjusted according to market conditions. The Plan will enable us to design a precise and efficient processing and transportation network, positioning us to deliver 95 percent of all mail and packages on-time. Judicious price increases paired with investment in our network will allow us to provide the predictable, reliable service that the American people expect and deserve and ensure the financial sustainability of the Postal Service.

10. Are there other ways the Postal Service can improve its financial standing without raising prices?

Price changes make up one of four main approaches outlined in our Delivering for America Plan, all of which must be executed to reverse \$160B in projected losses over the next 10 years. Price changes, as well as other Plan elements to increase efficiencies and reduce costs are self-help strategies that the Postal Service can initiate right now. The extent to which other parts of the Plan are successful could serve to mitigate the need for price increases as we move forward. See the [Delivering for America Plan](#) here.