

LABOR RELATIONS



November 10, 2021

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

Dear Mr. Butts:

As a matter of general interest, the Postal Service filed notice with the Postal Regulatory Commission (PRC) today of price changes for shipping services to take effect January 9, 2022. The Postal Service is also requesting PRC approval for two mail products focused on local communities. The requested rate change is part of the Postal Service's balanced approach to achieve financial sustainability and service excellence as laid out in our "Delivering for America" 10-year plan.

The proposed prices, which have been approved by the Postal Service Board of Governors, would raise Shipping Services product prices approximately 3.1 percent for Priority Mail Service, and 3.1 percent for Priority Mail Express Service. Although Mailing Services price increases are based on the consumer price index, Shipping Services prices are primarily adjusted according to market conditions. The Governors believe these new rates will keep the Postal Service competitive while providing the Postal Service with needed revenue.

If favorably reviewed by the PRC, the new prices will include an increase in the price of the following Priority Mail Services: Small Flat-Rate Box to \$9.45. The Medium Flat-Rate Box would increase to \$16.10, the Large Flat-Rate Box would decrease to \$21.50 and the price of the APO/FPO Large Flat-Rate Box would decrease to \$20.00. Regular Flat-Rate Envelopes, Legal Flat-Rate Envelopes, and Padded Flat-Rate Envelopes would increase to \$8.95, \$9.25, and \$9.65 respectively.

We have enclosed a Press Release and "Talking Points and Frequently Asked Questions" (FAQ) concerning this matter.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "David E. Mills".

David E. Mills
Director
Labor Relations Policies and Programs

Enclosures

bcc: Ms. Attridge
Mr. Mills (LRPP 2021-181)
Mr. Acker
Ms. Breslin
Mr. Conway
Ms. Dejo-Nicholson
Mr. Devine
Mr. Nicholson
Ms. Perron
Ms. Richardson
Ms. Margit Andreassen
Ms. Wilson-Johnson

Doc. ID: \\Wadchqsxf19\shr_HQ_HQ_CHRO\Labor Relations\NALC LR Policy & Programs\1-Butler\CLEARANCES\LRPP 2021-181 Competitive Price Change Filing Communications Kickoff\LRPP 2021-181 PRC Filing - Competitive Price Change (FY22 January) General Interest External Notification to Unions Mngt Assoc.doc"

LR21:LButler:vj:20260-4101: 11/10/2021



POSTAL NEWS

FOR IMMEDIATE RELEASE
Nov. 10, 2021

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



U.S. Postal Service Announces New Competitive Prices and Two New Mail Products for 2022

- *Postal Service continues to offer some of the lowest letter-mail postage rates in the industrialized world and a great value in shipping as we enhance our reliability and expand our product offerings in service to the American people.*
- *Pricing actions part of balanced approach under “Delivering for America,” the Postal Service’s 10-year plan for achieving financial sustainability and service excellence.*
- *Rate changes will contribute to \$40 billion of investments in people, technology, and infrastructure over the next 10 years to modernize and improve the Postal Service’s operations and customer experience.*
- *Postal Service is also supporting mail by requesting PRC approval for two mail products focused on local communities.*

WASHINGTON, DC — The U.S. Postal Service filed notice with the Postal Regulatory Commission (PRC) today of price changes for Shipping Services to take effect Jan. 9, 2022.

The proposed prices, approved by the Postal Service Governors, would raise Shipping Services product prices approximately 3.1 percent for Priority Mail service, and 3.1 percent for Priority Mail Express service. 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 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 \$9.45. The Medium Flat-Rate Box would increase to \$16.10, the Large Flat-Rate Box would decrease to \$21.50 and the price of the APO/FPO Large Flat-Rate Box would decrease to \$20.00. Regular Flat-Rate Envelopes, Legal Flat-Rate Envelopes, and Padded Flat-Rate Envelopes would increase to \$8.95, \$9.25, and \$9.65 respectively.

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

Product	Current	Planned Change
Small Flat-Rate Box	\$8.45	\$9.45
Medium Flat-Rate Box	\$15.50	\$16.10
Large Flat-Rate Box	\$21.90	\$21.50
APO/FPO Large Flat-Rate Box	\$20.40	\$20.00
Regular Flat-Rate Envelope	\$7.95	\$8.95
Legal Flat-Rate Envelope	\$8.25	\$9.25
Padded Flat-Rate Envelope	\$8.55	\$9.65

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

The PRC will review the prices before they are scheduled to take effect. The complete Postal Service price filings with prices for all products can be found on the PRC site under the Daily Listings section at prc.gov/dockets/daily. For the Shipping Services filing, see Docket No. CP2022-22. The price change tables are also available on the Postal Service's Postal Explorer website at pe.usps.com/PriceChange/Index.

The filing also included pricing to support USPS Connect, a suite of affordable package delivery solutions for businesses that the Postal Service expects to launch in 2022, if favorably reviewed.

In addition, the Postal Service is also supporting mail by requesting approval for two mail products focused on local communities. First, after a 2-year market test, the Postal Service is requesting the establishment of a permanent Plus One product which will provide additional marketing options for businesses to reach local customers utilizing mail. Building on the USPS Connect pilot, the Postal Service is requesting approval for a market test for a new USPS Connect Local Mail product which will provide the ability to send documents within local communities for same/day next delivery.

With full implementation, the Postal Service's 10-year Delivering For America plan is designed to reverse a projected \$160 billion in operating losses over the next 10 years. The Plan's growth and efficiency initiatives, including the proposed pricing changes, together with necessary legislation, should allow the Postal Service to make investments totaling approximately \$40 billion over the next 10 years to modernize and improve our infrastructure to become more efficient and service responsive.

The Postal Service 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](http://USPSNewsroom). Follow us on [Twitter](https://twitter.com/USPS), [Instagram](https://www.instagram.com/usps), [Pinterest](https://www.pinterest.com/usps) and [LinkedIn](https://www.linkedin.com/company/usps). Subscribe to the [USPS YouTube channel](https://www.youtube.com/channel/UC8vXp1t1t1t1t1t1t1t1t1t), like us on [Facebook](https://www.facebook.com/usps) and enjoy our [Postal Posts blog](https://www.usps.com/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 - 2022

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. 9, 2022.
- 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 3.1 percent for Priority Mail service, and 3.1 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:

Product	Current	Planned Change
Small Flat-Rate Box	\$8.45	\$9.45
Medium Flat-Rate Box	\$15.50	\$16.10
Large Flat-Rate Box	\$21.90	\$21.50
APO/FPO Large Flat-Rate Box	\$20.40	\$20.00
Regular Flat-Rate Envelope	\$7.95	\$8.95
Legal Flat-Rate Envelope	\$8.25	\$9.25
Padded Flat-Rate Envelope	\$8.55	\$9.65

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 3.1 percent for Priority Mail service, and 3.1

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 \$9.45. The Medium Flat-Rate Box would increase to \$16.10, the Large Flat-Rate Box would decrease to \$21.50 and the price of the APO/FPO Large Flat-Rate Box would decrease to \$20.00. Regular Flat-Rate Envelopes, Legal Flat-Rate Envelopes, and Padded Flat-Rate Envelopes would increase to \$8.95, \$9.25, and \$9.65 respectively.

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

1. When will the change take place?

The change is expected to take effect January 9, 2022 if approved by the PRC.

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

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

\$8 billion over the next 10 years.

EXTERNAL FAQ

1. What is happening to the prices?

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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 \$12.2 billion, or 16.7 percent, of the \$73.2 billion in total revenue in FY20.

7. How many packages did the Postal Service deliver in 2020?

The Postal Service delivered 7.7 billion packages to more than 161 million addresses across the country.

8. Do you expect to raise shipping rates again in 2022?

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 Plan, all of which must be executed to reverse \$160B in projected losses over the next 10 years. Some other aspects of the Plan require a lengthy legislative process and Congressional approval to carry out, but 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, such as the legislative and administrative requests, could serve to mitigate the need for price increases as we move forward.

11. The Postal Service also filed request for approval USPS Connect pricing. What is USPS Connect?

USPS Connect is a suite of affordable package delivery solutions for businesses. It includes USPS Connect Local, a new same-day, next-day offering we began piloting in Texas in July to help businesses provide fast delivery to local customers at rates previously reserved for large volume shippers.

USPS Connect is a major component of the Postal Service's 10-year growth strategy and will help power the nation's e-commerce economy with affordable, fast delivery options for businesses across America. We expect to roll out these solutions across the country throughout 2022.