



POSTAL NEWS

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U.S. Postal Service Announces New Prices for 2014

Price increases expected to generate \$2 billion in new revenue to improve financial situation

WASHINGTON — The United States Postal Service today announced proposed price changes, including an increase in the price of a First-Class Mail single-piece letter from 46 cents to 49 cents. The proposed changes, which would go into effect in January 2014, are intended to generate \$2 billion in incremental annual revenue for the Postal Service.

Highlights of the new single-piece First-Class Mail pricing, effective Jan. 26, 2014 include:

- Letters (1 oz.) — 3-cent increase to 49 cents
- Letters additional ounces — 1-cent increase to 21 cents
- Letters to all international destinations (1 oz.) — \$1.15
- Postcards — 1-cent increase to 34 cents

Stamp prices have stayed consistent with the average annual rate of inflation of 4.2 percent since the Postal Service was formed in 1971.

Pricing for Standard Mail, Periodicals, Package Services and Extra Services also will be adjusted as part of a filing to the Postal Regulatory Commission (PRC) scheduled to take place Sept. 26.

The Governors of the Postal Service voted Sept. 24 to seek price increases above the typical annual increases associated with changes in the Consumer Price Index (CPI).

In a letter disseminated to customers today, Board of Governors Chairman Mickey Barnett described the “precarious financial condition” of the Postal Service and the “uncertain path toward enactment of postal reform legislation” as primary reasons for seeking price changes above the CPI increase. He also indicated that the price adjustment above the CPI increase is necessary in order to ensure that the Postal Service will be able to maintain and continue the development of postal services of the type and quality which America needs.

“Of the options currently available to the Postal Service to align costs and revenues, increasing postage prices is a last resort that reflects extreme financial challenges,” said Barnett in the letter. “However, if these financial challenges were alleviated by the timely enactment of laws that close a \$20 billion budget gap, the Postal Service would reconsider its pricing strategy. We are encouraged by the recent introduction of comprehensive postal reform legislation in Congress, and despite an uncertain legislative process, we are hopeful that legislation can be enacted this year.”

Except in exceptional or extraordinary circumstances, postage price increases are capped at the rate of inflation as measured by the CPI-U. The Postal Service is filing a price increase above CPI-U due to extraordinary and exceptional circumstances which have contributed to continued financial losses. The Postal Service recorded a \$15.9 billion net loss last fiscal year and expects to record a loss of roughly \$6 billion in the current fiscal year, and has an intolerably low level of available liquidity even after defaulting on its obligation to make prefunding payments for retiree health benefits.

The PRC will review the prices before they become effective Jan. 26, 2014, and must agree the prices are consistent with applicable law. The new price proposals are scheduled to be filed Sept. 26 and will be available on the PRC website at www.prc.gov and also will be available at <http://pe.usps.com>.

The full text of the Board chairman's letter sent to postal customers about the pricing decision will be available later today at the following link:

http://about.usps.com/news/national-releases/2013/pr13_chairman-letter.htm.

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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A self-supporting government enterprise, the U.S. Postal Service is the only delivery service that reaches every address in the nation: 152 million residences, businesses and Post Office Boxes. The Postal Service receives no tax dollars for operating expenses and relies on the sale of postage, products and services to fund its operations. With more than 31,000 retail locations and the most frequently visited website in the federal government, usps.com, the Postal Service has annual revenue of more than \$65 billion and delivers nearly 40 percent of the world's mail. If it were a private-sector company, the U.S. Postal Service would rank 42nd in the 2012 Fortune 500. The Postal Service has been named the Most Trusted Government Agency for seven years and the fourth Most Trusted Business in the nation by the Ponemon Institute.

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