

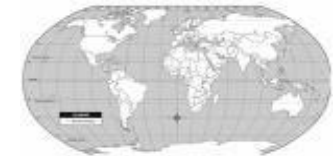


PUBLIC COST AND REVENUE ANALYSIS

Fiscal Year 2023

Revised 2/22/2024

FINANCE



PUBLIC COST AND REVENUE ANALYSIS
Fiscal Year 2023 - Revised 2/22/2024

Mail Classes and Products (note 1)	(in millions)			(per piece)				
	Revenue	Attributable	Volume	Revenue	Attributable	Volume	Contribution	Cost
	(note 1)	Cost	Variable Cost	\$	Cost \$	Variable	\$	Coverage
	A	B	C	D	E	F	(D-E)	(D/E)
MARKET DOMINANT PRODUCTS								
First-Class Mail:								
Single-Piece Letters.....	\$7,104.2	\$4,489.4	\$4,337.7	\$0.622	\$0.393	\$0.380	\$0.229	158.24%
Single-Piece Postcards.....	179.6	140.9	140.0	0.486	0.381	0.379	0.105	127.46%
Total Single-Piece Letters and Cards.....	7,283.8	4,644.5	4,477.7	0.618	0.394	0.380	0.224	156.82%
Presort Letters.....	14,699.6	4,962.3	4,857.8	0.477	0.161	0.158	0.316	296.22%
Presort Cards.....	855.6	279.4	278.0	0.351	0.115	0.114	0.236	306.29%
Total Presort Letters and Cards.....	15,555.2	5,256.6	5,135.8	0.468	0.158	0.154	0.310	295.92%
Flats.....	1,637.3	1,445.1	1,442.0	1.683	1.485	1.482	0.198	113.30%
Outbound Single-Piece First-Class Mail International.....	179.1	105.3	105.3	1.808	1.062	1.062	0.745	170.14%
Inbound Letter Post (Letters and Flats).....	52.3	40.5	40.5	0.729	0.565	0.565	0.164	129.01%
Fees (note 2).....	99.5							
Total First-Class.....	24,807.2	11,745.0	11,201.4	0.537	0.254	0.243	0.283	211.21%
USPS Marketing Mail:								
High Density and Saturation Letters.....	1,141.2	618.3	611.9	0.204	0.110	0.109	0.093	184.58%
High Density and Saturation Flats and Parcels.....	1,778.4	1,452.1	1,429.2	0.200	0.163	0.161	0.037	122.47%
Carrier Route.....	1,334.4	1,353.6	1,347.7	0.332	0.336	0.335	(0.005)	98.58%
Letters.....	9,493.4	5,280.5	5,108.0	0.249	0.139	0.134	0.110	179.78%
Flats.....	1,204.3	1,867.7	1,863.1	0.541	0.838	0.836	(0.298)	64.48%
Parcels.....	58.7	49.2	49.1	2.311	1.934	1.934	0.377	119.50%
Every Door Direct Mail Retail.....	105.8	49.4	49.1	0.190	0.089	0.088	0.102	214.32%
Fees (note 2).....	23.5							
Total USPS Marketing Mail.....	15,139.8	11,106.1	10,458.1	0.255	0.187	0.176	0.068	136.32%
Periodicals:								
In County.....	59.7	105.3	105.3	0.132	0.233	0.233	(0.101)	56.68%
Outside County.....	858.2	1,430.7	1,428.1	0.338	0.563	0.562	(0.225)	59.99%
Fees (note 2).....	4.8							
Total Periodicals.....	922.7	1,536.4	1,533.4	0.308	0.513	0.512	(0.205)	60.05%
Package Services:								
Alaska Bypass.....	39.1	32.5	32.5	31.188	25.978	25.978	5.210	120.05%
Bound Printed Matter Flats.....	107.6	94.9	94.5	0.936	0.826	0.823	0.110	113.35%
Bound Printed Matter Parcels.....	317.0	266.9	266.0	1.400	1.179	1.175	0.221	118.78%
Media and Library Mail.....	429.0	478.2	477.1	4.650	5.183	5.171	(0.533)	89.72%
Fees (note 2).....	0.9							
Total Package Services.....	893.6	873.1	870.2	2.055	2.008	2.001	0.047	102.34%
Free Mail - blind, handicapped & servicemen.....		30.9	30.9		1.570	1.570	(1.570)	
Total Market Dominant Mail.....	41,763.3	25,291.6	24,094.0	0.382	0.231	0.220	0.150	165.13%

PUBLIC COST AND REVENUE ANALYSIS
Fiscal Year 2023 - Revised 2/22/2024

Mail Classes and Products (note 1)	(in millions)			(per piece)				
	Revenue	Attributable	Volume	Revenue	Attributable	Volume	Contribution	Cost
	(note 1)	Cost	Variable Cost	\$	Cost \$	Variable	\$	Coverage
	A	B	C	D	E	F	(D-E)	(D/E)
MARKET DOMINANT SERVICES								
Ancillary Services								
Certified Mail.....	652.4	454.8	449.1	4.180	2.914	2.878	1.266	143.46%
COD.....	4.4	3.9	3.9	15.614	13.840	13.840	1.774	112.82%
Insurance.....	68.9	24.8	24.8	8.653	3.112	3.111	5.541	278.03%
Registered Mail.....	21.0	16.8	16.8	22.591	18.045	18.043	4.546	125.19%
Stamped Envelopes.....	11.6	7.9	7.9					
Stamped Cards (note 4).....	0.7	0.1	0.1					
Other Domestic Ancillary Services (note 2).....	393.3	277.3	274.4					
Other Domestic NSA Ancillary Services (note 2).....	5.0	4.9	4.9					
Total Domestic Ancillary Services.....	1,157.4	790.5	781.9					
Total International Ancillary Services (note 2).....	8.8	4.8	4.8	11.111	6.017	6.017	5.094	184.67%
Special Services:								
Address Management Services.....	43.7	4.1	0.0					
Caller Service.....	96.6	20.4	20.4					
Credit Card Authentication (note 5).....	20.2	2.5	2.5					
Money Orders.....	220.4	165.6	159.5	3.480	2.615	2.519	0.865	133.09%
Post Office Box Service.....	321.6	138.7	138.6					
Stamp Fulfillment Services.....	6.7	3.7	3.7					
Total Special Services.....	709.1	335.1	324.8					
Total Market Dominant Services.....	1,875.3	1,150.2	1,111.5					
Total Market Dominant Mail and Services.....	43,638.6	26,441.8	25,205.4					

PUBLIC COST AND REVENUE ANALYSIS
Fiscal Year 2023 - Revised 2/22/2024

Mail Classes and Products (note 1)	(in millions)			(per piece)				
	Revenue	Attributable	Volume	Revenue	Attributable	Volume	Contribution	Cost
	(note 1)	Cost	Variable Cost	\$	Cost \$	Variable	\$	Coverage
	A	B	C	D	E	F	(D-E)	(D/E)
COMPETITIVE MAIL AND SERVICES								
Total Priority Mail Express.....	713.9	311.4	305.9	29.707	12.958	12.727	16.749	229.26%
Total First-Class Package Service.....	5,845.1	3,540.9	3,501.3	4.287	2.597	2.568	1.690	165.08%
Total Priority Mail.....	10,806.6	8,124.9	7,964.1	10.214	7.680	7.528	2.535	133.01%
Total Ground.....	13,322.3	7,142.7	6,958.0	3.206	1.719	1.675	1.487	186.52%
Total Competitive International Mail and Services.....	1,331.3	1,120.6	1,116.7	8.849	7.448	7.423	1.401	118.80%
Total Domestic Competitive Services.....	1,330.3	370.3	330.9	0.000	0.000	0.000	0.000	0.00%
Total Competitive Mail and Services.....	33,349.6	21,183.1	20,176.8	0.000	0.000	0.000	0.000	0.00%
Federal Interagency Agreements (note 6).....	434.0	250.9	0.0					
State/Local/Tribal Interagency Agreements (note 6).....	0.0	0.0	0.0					
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Total All Mail and Services.....	77,422.2	47,943.6	45,382.3					
Miscellaneous Items (note 2).....	919.3							
Appropriations: Revenue Forgone.....	41.7							
Total Operating Income.....	78,383.1	47,943.6	45,382.3					
Investment Income (note 7).....	940.8							
Total	79,324.0	47,943.6	45,382.3					
All Other.....		37,858.4						
Total.....		85,802.0						

PUBLIC COST AND REVENUE ANALYSIS
Fiscal Year 2023 - Revised 2/22/2024

VOLUME STATISTICS

Mail Classes and Products (note 1)	Pieces (thousands)	Weight in Pounds (thousands)	Weight per Piece (ounces)
MARKET DOMINANT PRODUCTS			
First-Class Mail:			
Single-Piece Letters.....	11,415,318	338,598	0.5
Single-Piece Postcards.....	369,539	2,391	0.1
Total Single-Piece Letters and Cards.....	11,784,857	340,989	0.5
Presort Letters.....	30,811,256	1,798,112	0.9
Presort Cards.....	2,437,821	19,941	0.1
Total Presort Letters and Cards.....	33,249,078	1,818,054	0.9
Flats.....	973,030	202,991	3.3
Outbound Single-Piece First-Class Mail International.....	99,085	6,250	1.0
Inbound Letter Post (Letters and Flats).....	71,673	6,793	1.5
Total First-Class.....	46,177,723	2,375,075	0.8
USPS Marketing Mail:			
High Density and Saturation Letters.....	5,601,823	219,042	0.6
High Density and Saturation Flats and Parcels.....	8,887,073	1,221,172	2.2
Carrier Route.....	4,024,763	808,538	3.2
Letters.....	38,126,466	1,779,440	0.7
Flats.....	2,227,825	555,251	4.0
Parcels.....	25,411	11,583	7.3
Every Door Direct Mail Retail.....	555,570	70,468	2.0
Total USPS Marketing Mail.....	59,448,929	4,665,494	1.3
Periodicals:			
In County.....	451,825	95,953	3.4
Outside County.....	2,541,109	787,253	5.0
Total Periodicals.....	2,992,935	883,205	4.7
Package Services:			
Alaska Bypass.....	1,253	84,422	1078.4
Bound Printed Matter Flats.....	114,868	152,276	21.2
Bound Printed Matter Parcels.....	226,433	483,228	34.1
Media and Library Mail.....	92,258	188,477	32.7
Total Package Services.....	434,811	908,403	33.4
U.S. Postal Service.....	376,075	63,571	2.7
Free Mail - blind, handicapped & servicemen.....	19,703	7,555	6.1
Total Market Dominant Mail.....	109,450,175	8,903,304	1.3

PUBLIC COST AND REVENUE ANALYSIS
Fiscal Year 2023 - Revised 2/22/2024

VOLUME STATISTICS

Mail Classes and Products (note 1)	Pieces (thousands)	Weight in Pounds (thousands)	Weight per Piece (ounces)
MARKET DOMINANT SERVICES			
Ancillary Services			
Certified Mail.....	156,070		
COD.....	283		
Insurance.....	7,960		
Registered Mail.....	931		
Other Domestic Ancillary Services (note 2).....	143,911		
Other Domestic NSA Ancillary Services (note 2).....	1,944		
Total International Ancillary Services (note 2).....	794		
Special Services			
Money Orders.....	63,338		
Total Market Dominant Service Transactions.....	375,230		
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COMPETITIVE PRODUCTS			
Total Priority Mail Express.....	24,032	23,994	16.0
Total First-Class Package Service.....	1,363,415	533,586	6.3
Total Priority Mail.....	1,057,981	2,799,286	42.3
Total Ground.....	4,155,186	9,207,305	35.5
Total Competitive International.....	150,441	215,946	23.0
Total Competitive Mail.....	6,751,056	12,780,118	30.3
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TOTAL ALL MAIL.....	116,201,231		

UNITED STATES POSTAL SERVICE
NOTES TO PUBLIC COST AND REVENUE ANALYSIS
Fiscal Year 2023
Revised 2/22/2024

1. Public Cost and Revenue Analysis

The U.S. Postal Service (Postal Service) has annually prepared the Domestic Cost and Revenue Analysis (CRA) and International Cost and Revenue Analysis (ICRA) covering the period October 1 through September 30. The CRA and ICRA were created to aid in determining that the statutory requirements under Title 39 U.S. Code are met, that “each class of mail or type of mail service bear the direct and indirect costs attributable to that class or service....”

As a result of the enactment of Public Law 109-435 on December 20, 2006, the Postal Service continues to produce cost and revenue information by product using methods approved by the Postal Regulatory Commission (PRC). The PRC methods are described in the PRC’s Annual Compliance Determination Report. The Fiscal Year 2023 Public Cost and Revenue Analysis Report (PCRA) combines revenue and cost data from both the domestic and international CRAs. It represents the PRC’s methodology of presenting each mail category’s estimated attributable and unit costs. The PCRA also displays revenue, pieces and weight information from the Revenue, Pieces and Weight (RPW) report. The Public CRA differs from the Non-Public CRA by not detailing costs for specific products defined by the PRC as “Competitive.”

The postal system of accounts is the basis for PCRA data; however, the postal system of accounts generally does not accumulate financial data by category of mail. Apportionment factors, derived from various postal operational and statistical information sources, are required for development of the data for PCRA purposes. Some of these sources (e.g., In-Office Cost System and Origin-Destination Information System-Revenue, Pieces and Weight (ODIS-RPW)) are dedicated to this purpose and involve extensive statistical sampling of postal activities during the year. Calculated amounts are compared and scaled to actual data in the postal system of accounts, as appropriate.

2. Definitions

Volume Variable Cost – Volume variable costs are calculated by multiplying the total volume of the class or product by the unit costs (the change in total costs resulting from a one-unit change in its volume alone, when the volumes of other products remain constant).

Product Specific Cost – Product specific costs represent costs that are not volume variable but, for certain products, are directly or indirectly caused by that product.

Incremental Cost – The incremental cost of a product is the total cost caused by adding that product to the Postal Service’s output mix.

Inframarginal Cost – The inframarginal costs of a product represent the difference between the incremental cost of the product and the sum of the volume variable and product specific costs of the product.

Attributable Cost – The attributable costs of a product include the sum of volume variable costs, product specific costs, and those inframarginal costs calculated as part of the product’s incremental costs.

Contribution – Revenue per piece minus the attributable cost per piece.

Cost Coverage – Revenue per piece as a percentage of the attributable cost per piece (unit revenue divided by unit attributable cost.)

Fees – Fees associated with a specific class of mail or product are included in the reported revenue for that class or product.

International Mail – International mail detail is provided in the International Cost and Revenue Analysis report.

Other Domestic Ancillary Services – Includes identifiable costs for the following domestic services: return receipts, signature confirmation, certificate of mailing, merchandise return service, merchandise return receipt, restricted delivery, business reply, address correction services, bulk parcel return service, parcel airlift, shipper paid forwarding, premium stamped stationery, premium stamped cards, and portion of USPS Tracking associated with Marketing Mail parcels.

International Ancillary Services – Includes identifiable costs for certificate of mailing, outbound registered mail, inbound registered mail, outbound return receipt, inbound return receipt, outbound restricted delivery, inbound restricted delivery, outbound insurance, inbound insurance, customs clearance and delivery fees, outbound reply coupon service, inbound reply coupon service, outbound business reply mail service and inbound business reply mail service. These are fees for additional services related to mail products that have been already counted in other sections of this report.

Negotiated Service Agreement Mail (NSA) – Where there are negotiated service agreements, their costs are shown in separate rows within each applicable class. The details for both domestic and international NSAs are provided in the Annual Compliance Report.

Miscellaneous Items – Includes philatelic sales, fees, fines, unclaimed money from dead letters, sales of services performed for private contractors. Not included is \$34,391 thousand of imputed interest earned on money order float, which is reclassified to domestic and international money orders.

3. Aggregate Categories

In this report, the Attributable Costs reported in rows containing multiple products (e.g., Total Single-Piece Letters and Cards, Total First-Class) do not reflect the sum of the Attributable Costs of each of the component products included in the row. Instead, they generally represent the group incremental costs of those aggregate categories as separately shown in the Market Dominant Incremental Cost folder (USPS-FY23-43) or the Competitive Incremental Cost folder (USPS-FY23-NP10). Detailed descriptions of the procedures by which the Total First-Class row and certain other specific aggregate rows are derived can be found in the Preface materials presented with this report in USPS-FY23-1.

4. Cards

Volume variable costs are the printing costs related to stamped cards.

5. Credit Card Authentication

Revenue for Credit Card Authentication represents the total revenue from Credit Card Authentication service, and the Expenses include credit card fees, payment switch fees and call center support. Cost coverage does not equal Revenue divided by Expense because third- party agreements reduce both Revenues and Expenses.

6. Interagency Agreements

Federal Interagency Agreements – Includes revenues and attributable costs for services (other than delivery) resulting from agreements with other federal agencies pursuant to 39 U.S.C. § 411.

State/Local/Tribal Interagency Agreements – Includes revenues and attributable costs for services (other than delivery) resulting from agreements with State, Local, or Tribal government pursuant to 39 U.S.C. § 3703.

7. Miscellaneous Adjustments

- A) Imputed interest on money order float is included with interest and investment income in the 2023 Annual Report (Form 10-K) but is distributed to money order products in the PCRA Report (in millions). Total revenue may not match exactly between the Form 10-K and PCRA due to rounding.

Operating and Other Revenue per 10-K Annual Report	\$78,383		
Interest and Investment Income per 10-K Annual Report	<u>941</u>		
Total Revenue	<u>\$79,324</u>	PCRA Report Revenue	<u>\$79,324</u>

- B) Interest expense is shown separately in the 2023 Annual Report (Form 10-K) and is reported as part of total expenses in the PCRA Report (in millions). Total expenses may not match exactly between the Form 10-K and the PCRA due to rounding.

Operating Expenses per 10-K Annual Report	\$85,387		
Interest expense per 10-K Annual Report	<u>415</u>		
Total Expenses	<u>\$85,802</u>	PCRA Report Expense	<u>\$85,802</u>