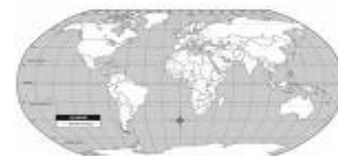




PUBLIC COST AND REVENUE ANALYSIS

Fiscal Year 2025

FINANCE



PUBLIC COST AND REVENUE ANALYSIS								
Fiscal Year 2025								
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.....	\$6,775.4	\$3,754.4	\$3,633.7	\$0.723	\$0.401	\$0.388	\$0.322	180.47%
Single-Piece Postcards.....	191.0	119.8	118.8	0.585	0.367	0.364	0.218	159.40%
Total Single-Piece Letters and Cards.....	6,966.3	3,887.5	3,752.5	0.718	0.401	0.387	0.317	179.20%
Presort Letters.....	16,095.5	4,753.4	4,670.6	0.553	0.163	0.160	0.389	338.61%
Presort Cards.....	900.6	232.8	232.4	0.385	0.099	0.099	0.285	386.83%
Total Presort Letters and Cards.....	16,996.1	4,999.2	4,903.0	0.540	0.159	0.156	0.381	339.98%
Flats.....	1,788.2	1,391.5	1,388.4	2.129	1.656	1.653	0.472	128.51%
Outbound Single-Piece First-Class Mail International.....	152.5	101.9	101.9	2.025	1.354	1.354	0.672	149.64%
Inbound Letter Post (Letters and Flats).....	46.8	31.4	31.4	0.807	0.542	0.542	0.266	149.09%
Fees (note 2).....	92.5							
Total First-Class.....	26,042.5	10,550.3	10,177.1	0.618	0.250	0.241	0.368	246.84%
USPS Marketing Mail:								
High Density and Saturation Letters.....	1,322.4	543.9	539.4	0.220	0.090	0.090	0.129	243.12%
High Density and Saturation Flats and Parcels.....	1,680.2	915.8	881.0	0.214	0.116	0.112	0.097	183.47%
Carrier Route.....	1,108.2	832.0	826.8	0.404	0.303	0.301	0.101	133.20%
Letters.....	10,462.5	5,007.9	4,846.6	0.276	0.132	0.128	0.144	208.92%
Flats.....	1,129.6	1,534.3	1,529.4	0.677	0.920	0.917	(0.243)	73.62%
Parcels.....	46.2	22.6	22.6	3.951	1.933	1.933	2.017	204.33%
Every Door Direct Mail Retail.....	127.4	36.3	36.2	0.228	0.065	0.065	0.163	350.92%
Fees (note 2).....	18.6							
Total USPS Marketing Mail.....	15,895.2	9,117.3	8,682.2	0.280	0.161	0.153	0.119	174.34%
Periodicals:								
In County.....	75.6	95.4	95.2	0.167	0.210	0.210	(0.043)	79.30%
Outside County.....	807.6	1,083.8	1,079.5	0.406	0.545	0.543	(0.139)	74.52%
Fees (note 2).....	0.2							
Total Periodicals.....	883.5	1,180.8	1,174.8	0.362	0.483	0.481	(0.122)	74.82%
Package Services:								
Alaska Bypass.....	37.1	47.3	47.3	34.974	44.590	44.590	(9.616)	78.43%
Bound Printed Matter Flats.....	104.6	78.5	78.5	1.003	0.753	0.753	0.250	133.23%
Bound Printed Matter Parcels.....	383.9	362.9	362.3	1.699	1.607	1.604	0.093	105.77%
Media and Library Mail.....	398.8	263.6	263.4	5.772	3.816	3.813	1.957	151.28%
Fees (note 2).....	0.5							
Total Package Services.....	925.0	753.1	751.6	2.311	1.881	1.877	0.429	122.82%
Free Mail - blind, handicapped & servicemen.....		24.8	24.8		1.188	1.188	(1.188)	
Total Market Dominant Mail.....	43,746.1	21,626.2	20,810.5	0.428	0.212	0.204	0.217	202.28%

PUBLIC COST AND REVENUE ANALYSIS								
Fiscal Year 2025								
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.....	788.1	385.9	379.6	5.008	2.452	2.412	2.556	204.23%
COD.....	5.4	1.5	1.5	20.489	5.706	5.695	14.783	359.10%
Insurance.....	52.0	14.8	14.8	10.078	2.860	2.860	7.218	352.34%
Registered Mail.....	18.2	9.0	9.0	33.250	16.477	16.476	16.774	201.80%
Stamped Envelopes.....	13.4	5.5	5.5					
Stamped Cards (note 4).....	0.8	0.3	0.3					
Other Domestic Ancillary Services (note 2).....	383.8	109.2	109.0					
Other Domestic NSA Ancillary Services (note 2).....	7.7	4.8	4.8					
Total Domestic Ancillary Services.....	1,269.6	531.1	524.5					
Total International Ancillary Services (note 2).....	9.4	7.3	7.3	13.436	10.383	10.383	3.052	129.40%
Special Services:								
Address Management Services.....	50.6	2.4	0.0					
Caller Service.....	110.6	18.1	18.1					
Credit Card Authentication (note 5).....	19.5	3.3	3.3					
Money Orders.....	220.8	133.1	129.3	4.065	2.451	2.381	1.614	165.86%
Post Office Box Service.....	332.3	118.0	117.9					
Stamp Fulfillment Services.....	6.6	3.3	3.3					
Total Special Services.....	740.3	278.1	271.8					
Total Market Dominant Services.....	2,019.4	826.4	803.6					
 Total Market Dominant Mail and Services.....	 45,765.5	 22,452.7	 21,614.2					

PUBLIC COST AND REVENUE ANALYSIS								
Fiscal Year 2025								
Mail Classes and Products (note 1)	(in millions)			(per piece)				
	Revenue (note 1)	Attributable Cost (note 2)	Volume Variable Cost (note 2)	Revenue \$	Attributable Cost \$ (note 2)	Volume Variable Cost \$	Contribution \$ (note 2)	Cost Coverage (note 2)
	A	B	C	D	E	F	(D-E)	(D/E)
COMPETITIVE MAIL AND SERVICES								
Total Priority Mail Express.....	608.7	291.0	285.7	31.670	15.141	14.865	16.529	209.16%
Total Priority Mail.....	5,690.7	4,669.8	4,634.9	10.995	9.022	8.955	1.972	121.86%
Total Ground.....	25,201.0	16,819.1	15,805.2	4.294	2.866	2.693	1.428	149.84%
Total Competitive International Mail and Services.....	1,056.9	797.2	793.9	9.034	6.814	6.787	2.220	132.58%
Total Domestic Competitive Services.....	1,297.6	312.8	281.4					
Total Competitive Mail and Services.....	33,854.9	23,531.6	21,801.1					
Federal Interagency Agreements (note 6).....	387.4	143.2	0.0					
State/Local/Tribal Interagency Agreements (note 6).....	0.0	0.0	0.0					
Total All Mail and Services.....	80,007.8	46,187.7	43,415.3					
Miscellaneous Items (and Gains) (note 2).....	531.5							
Appropriations: Revenue Forgone.....	42.3							
Total Operating Income (and Gains).....	80,581.5	46,187.7	43,415.3					
Investment Income (note 7).....	771.3							
Total	81,352.9	46,187.7	43,415.3					
All Other.....		44,143.2						
Total.....		90,330.9						

PUBLIC COST AND REVENUE ANALYSIS
Fiscal Year 2025

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.....	9,372,495	305,850	0.5
Single-Piece Postcards.....	326,605	3,774	0.2
Total Single-Piece Letters and Cards.....	9,699,100	309,624	0.5
Presort Letters.....	29,129,460	1,706,640	0.9
Presort Cards.....	2,340,299	19,150	0.1
Total Presort Letters and Cards.....	31,469,759	1,725,790	0.9
Flats.....	840,060	201,528	3.8
Outbound Single-Piece First-Class Mail International.....	75,291	4,647	1.0
Inbound Letter Post (Letters and Flats).....	57,964	5,211	1.4
Total First-Class.....	42,142,174	2,246,800	0.9
USPS Marketing Mail:			
High Density and Saturation Letters.....	6,017,414	230,974	0.6
High Density and Saturation Flats and Parcels.....	7,868,877	941,034	1.9
Carrier Route.....	2,745,354	589,164	3.4
Letters.....	37,911,961	1,792,651	0.8
Flats.....	1,668,401	436,912	4.2
Parcels.....	11,706	4,941	6.8
Every Door Direct Mail Retail.....	559,192	70,928	2.0
Total USPS Marketing Mail.....	56,782,903	4,066,604	1.1
Periodicals:			
In County.....	454,023	96,182	3.4
Outside County.....	1,988,679	601,619	4.8
Total Periodicals.....	2,442,702	697,801	4.6
Package Services:			
Alaska Bypass.....	1,062	71,567	1078.4
Bound Printed Matter Flats.....	104,286	159,035	24.4
Bound Printed Matter Parcels.....	225,886	473,349	33.5
Media and Library Mail.....	69,096	152,090	35.2
Total Package Services.....	400,329	856,041	34.2
U.S. Postal Service.....	355,503	55,782	2.5
Free Mail - blind, handicapped & servicemen.....	20,866	6,810	5.2
Total Market Dominant Mail.....	102,144,476	7,929,837	1.2

PUBLIC COST AND REVENUE ANALYSIS
Fiscal Year 2025

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.....	157,382		
COD.....	266		
Insurance.....	5,164		
Registered Mail.....	547		
Other Domestic Ancillary Services (note 2).....	106,861		
Other Domestic NSA Ancillary Services (note 2).....	2,639		
Total International Ancillary Services (note 2).....	700		
Special Services			
Money Orders.....	54,311		
Total Market Dominant Service Transactions.....	327,869		
COMPETITIVE PRODUCTS			
Total Priority Mail Express.....	19,221	20,005	16.7
Total Priority Mail.....	517,590	1,276,278	39.5
Total Ground.....	5,869,137	10,930,693	29.8
Total Competitive International.....	116,983	167,125	22.9
Total Competitive Mail.....	6,522,931	12,394,102	30.4
TOTAL ALL MAIL.....	108,667,407		

**UNITED STATES POSTAL SERVICE
NOTES TO PUBLIC COST AND REVENUE ANALYSIS
Fiscal Year 2025**

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 2025 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 \$29,747 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-FY25-43) or the Competitive Incremental Cost folder (USPS-FY25-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-FY25-1.

4. Stamped 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 2025 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	\$80,581		
Interest and Investment Income per 10-K Annual Report	<u>771</u>		
Total Revenue	<u>\$81,352</u>	PCRA Report Revenue	<u>\$81,353</u>

- B) Interest expense is shown separately in the 2025 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	\$89,782		
Interest expense per 10-K Annual Report	<u>548</u>		
Total Expenses	<u>\$90,330</u>	PCRA Report Expense	<u>\$90,331</u>