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# **POSTAL NEWS**

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## **POSTAL SERVICE MEETING PRICING CHALLENGE**

NEW ORLEANS, LA – Postal executives told National Postal Forum attendees they are meeting the challenge —as outlined in the Postal Service’s Transformation Plan (the Postal Service’s blueprint for the future) issued a year ago —to acquire the maximum pricing flexibility consistent with the current ratemaking process.

“Pricing is fundamental to American life. Virtually everything we come in contact with, outside the home, carries a price. We want postal prices to be simple, flexible; and to reasonably reflect costs,” said Stephen M. Kearney, Postal Service vice-president of Pricing and Classification.

“The Postal Service must operate within certain regulatory constraints that impose limitations on our pricing flexibility,” said Kearney. “Yet, this past year, we have made considerable progress towards the goals we outlined in the Transformation Plan to rise above these limitations to simplify prices and services for consumers and small business; to customize rates and services for business mailers; and to encourage cost-efficient behavior.”

Since the Transformation Plan was introduced, April 4, 2002, the Postal Service has completed the first two volumes of a new and easier to use Domestic Mail Manual – the official reference of mailing standards and requirements. The two condensed supplements – “A Customer’s Guide to Mailing” and “The Guide to Mailing for Businesses and Organizations” have been crafted to clarify mailing standards and to help readers choose the products and services that best meet their mailing needs. Two more installments are being developed for the DMM series – one for high-volume mailers and another with information on special mailing situations.

During this same period, the Postal Service filed its first Negotiated Service Agreement with the Postal Rate Commission. Negotiated Service Agreements have the potential to grow postal volume and to customize services to better meet the needs of customers, creating greater opportunities to foster mutually beneficial long term relationships. In addition, through the collaborative efforts of the mailing community and the Postal Service, customers can jointly prepare and enter their small circulation periodicals to meet volume thresholds and reduce their mailing costs. And, an initiative that would allow direct marketers to mail odd-shaped pieces – giving them more creative mail piece options – is currently under consideration by the Postal Rate Commission.

“We are extremely pleased about the passage of CSRS legislation that once signed by the president would allow us to hold rates stable until 2006,” said Kearney. “We will be able to focus even more on pricing initiatives that add value to mail and take us closer to meeting our transformation goals.”