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USPS Governors Approve Majority of Postal Regulatory Commission's Price Recommendations, Including Forever Stamp

- **Request Reconsideration for Some Mail Classes**
- **Approve Shape-Based Pricing**
- **Board of Governors Set May 14 for New Prices**

WASHINGTON, D.C. — The Governors of the U.S. Postal Service (USPS) today approved an increase in the price of a First-Class stamp to 41 cents, authorized the issuance of the Forever Stamp, approved shape-based pricing, and set May 14 as the date for implementation of these changes. (See attached chart.) However, they delayed implementation of new prices for periodicals and requested reconsideration for some mail classes.

USPS proposed new rates on May 3, 2006, and the Postal Regulatory Commission (PRC) issued its recommendation on Feb. 26, 2007. The Governors spent considerable time deliberating the PRC's recommendations – meeting six times and rewriting several drafts of their decision over the past 22 days – before voting earlier today. (See complete decision of the Governors at <http://www.usps.com/ratecase/>.)

“We praise the PRC for its early and thoughtful recommended decision,” said Board of Governors Chairman James C. Miller III, “and appreciate the comprehensive analysis the Postal Service staff provided in its rate proposal.”

Forever Stamp

The Governors approved the Forever Stamp, which will sell at the new 41-cent First-Class Mail one-ounce letter rate. The value on these stamps will always be the one-ounce letter rate and can be used for any future one-ounce letter mailing without extra postage.

“The Forever Stamp is a consumer innovation that delivers convenience and value and will help ease the transition for mailing letters when prices change,” said Chairman Miller.

Shape-based Pricing

The new prices also reflect differences in the costs of handling letters, large envelopes (flats), and packages. Mailers are encouraged to consider options available to reduce postage costs. For example, if the contents of a First-Class large envelope are folded and placed in a letter-sized envelope, mailers can reduce postage by as much as 39 cents per piece.

Request for Reconsideration

The Governors, however, requested reconsideration of the PRC's rate recommendations for Standard Mail flats (catalogs), the Non-machinable Surcharge for First-Class Mail letters, and the Priority Mail Flat-Rate Box.

- **Standard Mail Flats** – The Governors are concerned that price increases recommended by the PRC may impose an unnecessary degree of “rate shock” on the catalog industry, particularly small businesses. The recommended increase for some catalog mailers is as much as 40 percent, which is more than double what the Postal Service had proposed.
- **Non-machinable Surcharge** –The PRC decision on First Class Mail two-ounce and three-ounce letters does not differentiate between machinable and non-machinable. The Governors believe this warrants further analysis to ensure there are incentives for mailers to provide letters that can be processed at lower cost on efficient sorting equipment.
- **Priority Mail Flat-Rate Box** – The PRC recommended a rate of \$9.15 for the Priority Mail Flat-Rate Box, which is \$1.05 above the current rate and 35 cents higher than the Postal Service proposal of \$8.80. The Governors believe a rate below \$9 would be more appropriate for this popular consumer and business product and would be cost-justified.

Delayed Implementation

The Board of Governors also delayed until July 15, 2007, implementation of the new prices for Periodicals (magazines and newspapers) to allow time for the publishing industry to update computer software and adjust to the complexity of the PRC-recommended rate structure for periodicals. USPS had proposed a single container charge for periodicals to encourage efficiency, but the PRC recommended 55 different prices based on container type, entry point, and level of sortation.

Note: The Postal Service has nine Governors who are appointed by the President with the advice and consent of the U.S. Senate. They are members of the Board of Governors, which also includes the Postmaster General and the Deputy Postmaster General. Only the Governors can approve a PRC rate case recommendation, but the full Board sets the implementation date for the new prices.

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A federal agency, the U.S. Postal Service is the only delivery service that visits 146 million homes and businesses, six days a week. It has 37,000 retail locations and relies on the sale of postage, products, and services to cover its operating expenses. The Postal Service has annual revenues of \$73 billion and delivers nearly half the world's mail.

EXAMPLES OF NEW PRICES FOR POSTAGE
Effective May 14, 2007

	Current	New
First-Class Mail²		
Letters, Bill Payment; Greeting Card	\$ 0.39	\$ 0.41
Wedding Invitation (2-ounce)		
	\$ 0.63	\$ 0.58
Postcard		
	\$ 0.24	\$ 0.26
Priority Mail²		
Flat-Rate Envelope	\$ 4.05	\$ 4.60
Flat-Rate Box	\$ 8.10	\$ 9.15**
12-pound (Chicago to Los Angeles)	\$19.80	\$24.10
Express Mail²		
Flat-Rate Envelope	\$14.40	\$16.25
1-pound package	\$18.80	\$19.50
Parcel Post²		
1-pound package	\$ 3.95	\$ 4.50
5-pound (Chicago to Los Angeles)	\$ 9.11	\$ 9.50
Bank Statement		
(2 ounces, 3-digit, barcoded)	\$ 0.545	\$ 0.459
Utility Bill		
(5-digit, barcoded)	\$ 0.293	\$ 0.312

** Postal Service Governors are requesting reconsideration for the new price of the Priority Mail Flat-Rate Box.