



GREATER MADISON AREA
POSTAL CUSTOMER COUNCIL

July 2025 Rate Case

July 11, 2025

JOE CULLEN

UNITED MAILING SERVICES



UNITED MAILING SERVICES, INC.

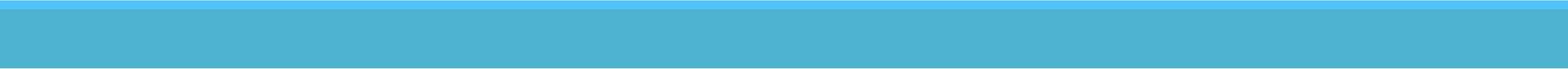
Helping you save more on Mailing, Printing and Fulfillment



Agenda

- Rate Increases
 - Structural Changes
 - Offsetting Rate Increases
 - What Does the Future Hold
- 

How Do Rate Increases Work?

- USPS Submits Rate Case to Postal Rate Commission (PRC) for Approval
 - PRC Reviews Changes to Ensure They Comply With Applicable Law, Issues Ruling 45 Days Prior to Implementation Date
 - PRC Solicits Comments on Current Rate Case Ruling
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How Are Increases Calculated?

Future Rate Authority Estimates With Current Regulations

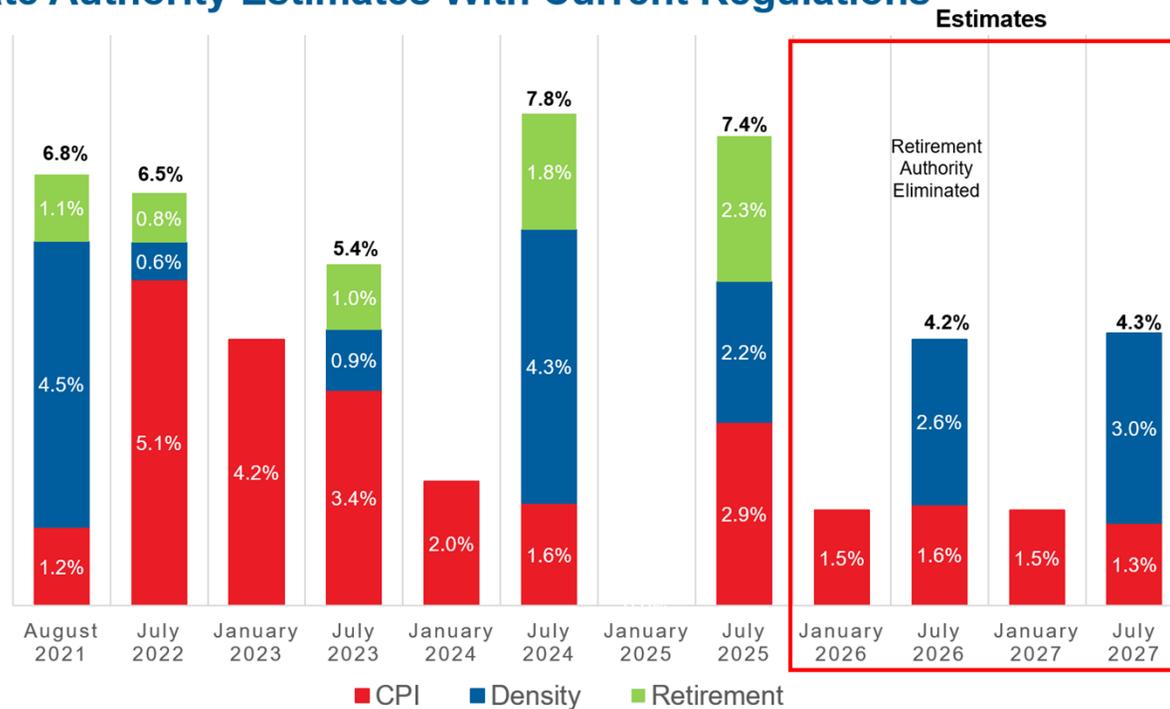


Chart Estimate Sources:
 CPI: S&P Global Market Intelligence (formerly IHS Markit)
 Density: Static Assumptions, Jan 2025

July 2025 Rate Authorities

**Table II-1
Total Available Rate Adjustment Authority (By Class)**

Class	CPI-U (%)*	Density (%)	Retirement (%)	Non-Compensatory (%)	Banked (%)	Total (%)
First-Class Mail	2.915	2.165	2.305	0.000	0.000	7.385
USPS Marketing Mail	2.915	2.165	2.305	0.000	0.000	7.385
Periodicals	2.915	2.165	2.305	2.000	0.000	9.385
Package Services	2.915	2.165	2.305	0.000	0.000	7.385
Special Services	2.915	2.165	2.305	0.000	0.000	7.385

* Pursuant to 39 C.F.R. § 3030.142(b), the calculation for a Full Year Limitation = (Recent Average/Base Average)-1. In the Notice, Attachment B, column "12-Month Total Divided by 12," the value for February 2025 is 315.190 (Recent Average) and the value for February 2024 is 306.263 (Base Average). Thus, the Full Year Limitation = (315.190/306.263)-1 = 2.915 percent.

Source: Library References PRC-LR-R2025-1-1 through PRC-LR-R2025-1-5.

How are Discounted Rates Calculated?

- USPS Costing Models The USPS Costs Avoided From Workshare
 - USPS Passes Through 85% to 100% of Costs Avoided Due to Workshare
 - Workshare Discounts Are Adjusted as Costing Dictates
 - USPS Discretion to Increase Workshare Discounts Closer to 100%
- 



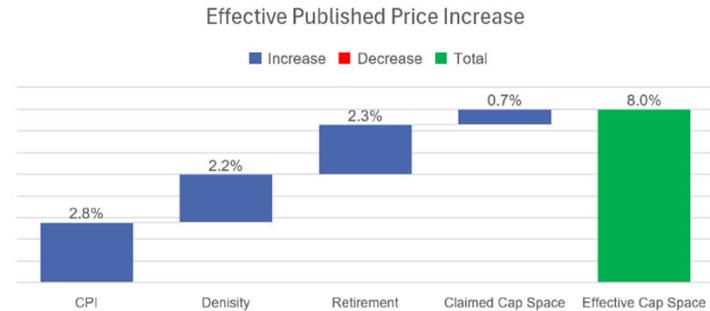
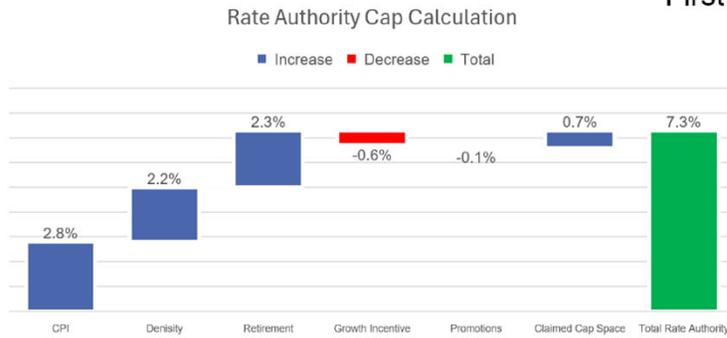
CAP MATH



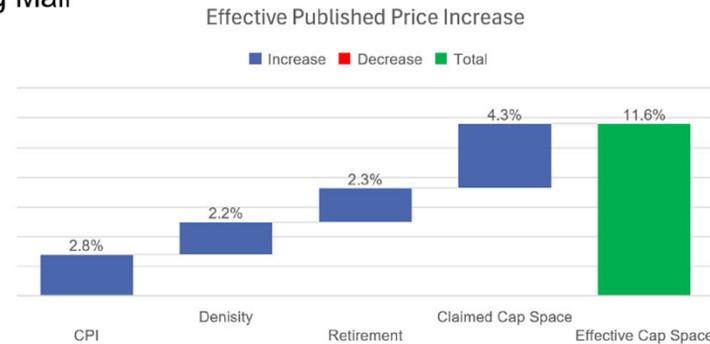
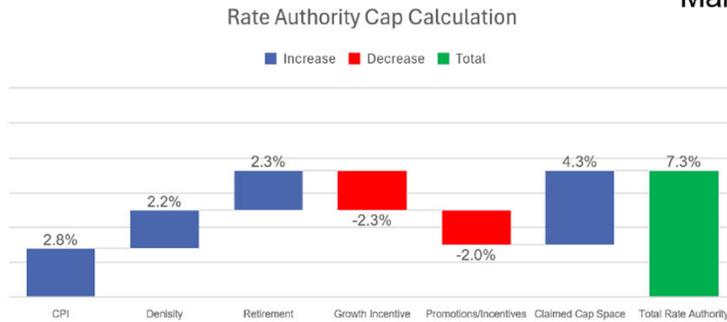
*Example data from 2/25

July 2025 First-Class Mail and Marketing Mail Rate Authority and Effective Cap Space

First-Class Mail



Marketing Mail

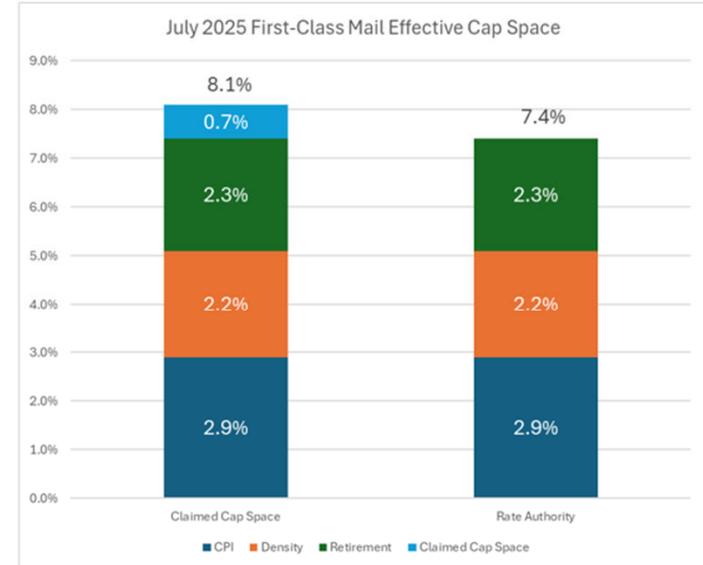


FCM Cap Math



First-Class Mail Base Postage vs. All-In Postage

Product	% Price Change Base Postage	% Price Change All-In Postage*
Single-Piece Letters & Cards	7.0%	7.0%
Presorted Letters & Cards	8.6%	7.6%
Flats	7.7%	7.3%
First-Class Mail International	6.1%	6.1%
Total	8.1%	7.4%



- All-in postage includes discounts, incentives, promotions and credits
- \$157M in Mail Growth Incentive issued credits are reflected in the All-in postage

New FCM Rates

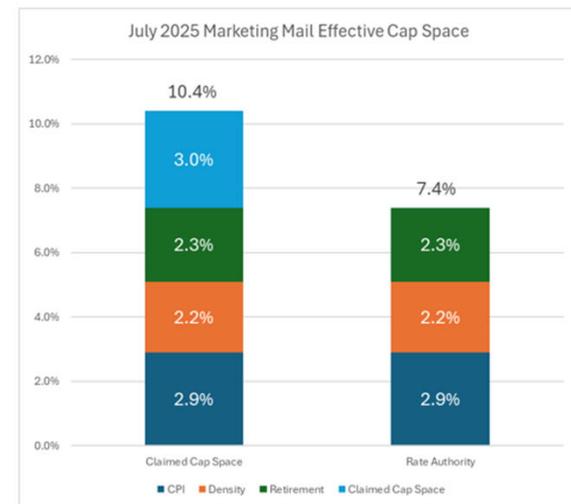
	Current Price	Proposed Price	\$ Difference	% Difference
1 oz. SP Metered	\$0.69	\$0.74	\$0.05	7.2%
1 oz. Auto Mixed AADC Letters	\$0.622	\$0.672	\$0.050	8.0%
1 oz. Auto AADC Letters	\$0.593	\$0.641	\$0.048	8.1%
1 oz. Auto 5-Digit Letters	\$0.545	\$0.593	\$0.048	8.8%
Shared Mail Letters	\$0.77	\$0.82	\$0.05	6.5%
Nonautomation Presort Cards	\$0.435	\$0.468	\$0.033	7.6%
Mixed AADC Automation Card	\$0.419	\$0.462	\$0.043	10.3%
AADC Automation Card	\$0.406	\$0.445	\$0.039	9.6%
Automation 5-Digit Card	\$0.384	\$0.420	\$0.036	9.4%

MKT Cap Math



Marketing Mail Base Postage vs. All-In Postage

Product	Price % Change Base Postage	Price % Change All-In Postage*
Letters	10.9%	8.5%
Saturation/HD Letters	9.1%	5.7%
Flats	13.3%	9.6%
Carrier Route	6.1%	-1.1%
Saturation/HD Flats	9.6%	6.8%
EDDM-Retail	10.8%	10.8%
Parcels	12.6%	12.2%
Total	10.4%	7.4%



- All-in postage includes discounts, incentives, promotions and credits
- \$348M in Mail Growth Incentive issued credits are reflected in the All-in postage

New MKT Letter Rates

Marketing Mail Auto Letters	Current Price	Proposed Price	\$ Difference	% Difference
5-Digit Origin	\$0.345	\$0.372	\$0.027	7.8%
5-Digit DSCF	\$0.318	\$0.355	\$0.037	11.6%
HD DSCF	\$0.311	\$0.348	\$0.037	11.9%
HD Plus DSCF	\$0.237	\$0.258	\$0.021	8.9%
Saturation Origin	\$0.237	\$0.244	\$0.007	3.0%
Saturation DSCF	\$0.210	\$0.227	\$0.017	8.1%

2025 Impacts by Product

**Table V-1
First-Class Mail Price Changes (by Product)**

First-Class Mail Product	Price Change %
Single-Piece Letters/Postcards	7.006
Presorted Letters/Postcards	7.567
Flats	7.343
Outbound Single-Piece FCMI	4.584
Inbound Letter Post	11.993
Overall	7.385
Source: Library Reference PRC-LR-R2025-1-1, Excel file "PRC-COMPCALC-FCM-R2025-1.xlsx."	

**Table VIII-1
Package Services Price Changes (By Product)**

Package Services Product	Price Change %
Alaska Bypass Service	9.390
BPM Flats	30.768
BPM Parcels	12.406
Media Mail/Library Mail	-2.512
Overall	7.385
Source: Library Reference PRC-LR-R2025-1-4, Excel file "PRC-COMPCALC-PACKSERV-R2025-1.xlsx."	

**Table VII-1
Periodicals Price Changes (By Product)**

Periodicals Product	Price Change %
Outside County	9.352
In-County	9.762*
Overall	9.385
* In the Notice, the Postal Service listed the In-County price change as 9.763 percent, which conflicted with the 9.762 percent presented in the Postal Service's workpapers. See Notice at 28; Library Reference USPS-LR-R2025-1-3, Excel file "USPS-COMPCALC-PER-R2025-1.xlsx," tab "Summary," cell F6. In the Response to CHIR No. 1, the Postal Service clarified that the price change for In-County is 9.762 percent. Response to CHIR No. 1, question 17.	
Source: Library Reference PRC-LR-R2025-1-3, Excel file "PRC-COMPCALC-PER-R2025-1.xlsx."	

**Table VI-1
USPS Marketing Mail Price Changes (By Product)**

USPS Marketing Mail Product	Price Change %
Letters	8.506
Flats	9.605
Parcels	12.202
High Density and Saturation Letters	5.726
High Density and Saturation Flats/Parcels	6.786
Carrier Route	-1.076
EDDM—Retail	10.762
Overall	7.385
Source: Library Reference PRC-LR-R2025-1-2, Excel file "PRC-COMPCALC-USPSMM-R2025-1.xlsx."	

Structural Changes

- 2026 Promotions (Base moved up to 5%) and Growth Incentive (now permanent)
- Growth Incentive Credits Awarded **ARE** Eligible to Generate Rate Adjustment Authority
- Extend Marketing Mail Marriage Mail Discount to High Density Plus
- FCM Letters and Flats SCF & CSA Pallet Discount
- Elimination of DNDC Entry and Workshare Discounts
- Migrate Detached Marketing Label into Plus One advertising card
- Elimination of Bundle Based Prep in FCM Flats and Tray Based Qualification 50 pieces
 - 5 Digit Scheme Sort now allowed in FCM Flats Tray Based

Structural Changes Continued

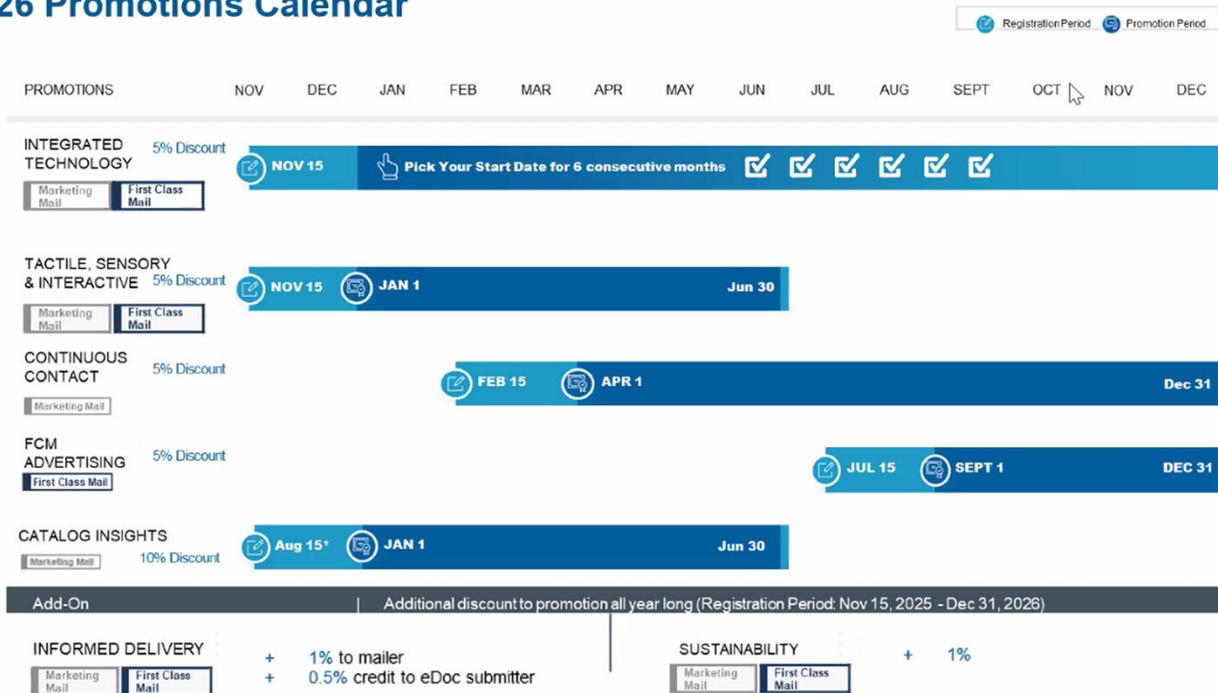
- Elimination of Presort/Workshare Discounts for Library Mail and Media Mail
- Elimination of Zones 1 & 2 for Alaska Bypass Service
- Elimination of Marketing Mail Automation Carrier Route Letter **Basic** Prices
- Non-Profit Marketing Mail Parcels Dimension Alignment with Marketing Mail Parcels
- No Final Ruling On BPM Elimination by PRC
 - Would result in MKT Flats increasing max weight to 20oz & Creation of new Heavy Printed Matter, USPS now targeting January 2026

How to Offset Postage Increases

- Work With a Commingler/Consolidator/Mailing Specialist to Maximize Postage Discounts
 - Letters
 - Flats
 - BPM
 - Parcels – Are You Getting Commercial Rates or Do You Have an NSA
- Certified Mailer Using Return Receipts? Go Electronic! \$1.58 in Savings!
- List Maintenance – Mailing to Valid Addresses? Updating COA Records?
- USPS Growth Incentives
- USPS Mailing Promotions
- Integrate Your Electronic Marketing and Your Mailings for Better Response Rates

2026 USPS Promotions

2026 Promotions Calendar



*2026 Catalog Insights is a continuation of the Catalog Insights Promotion beginning in 2025.

It Adds Up!



➤ Postage Savings of 5% to 7%!

➤ $\$0.64 \times 1,000 = \640	5% - \$32	7% - \$44.80
➤ $\$0.64 \times 100,000 = \$64,000$	5% - \$3,200	7% - \$4,480
➤ $\$2.65 \times 1,000 = \$2,650$	5% - \$132.50	7% - \$185.50
➤ $\$2.65 \times 100,000 = \$265,000$	5% - \$13,250	7% - \$18,550
➤ $\$0.38 \times 1,000 = \380	5% - \$19.00	7% - \$26.60
➤ $\$0.38 \times 100,000 = \$38,000$	5% - \$1,900	7% - \$2,660

- Add more value to their mailpiece, stand out in the mailbox!
- Part of Corporate Social Responsibility Program

2026 Growth Incentives

2026 Mail Growth Incentives

USPS is pursuing two mail incentives to grow volume. Both First-Class Mail and Marketing Mail Growth Incentives will provide eligible mailers a credit on additional mail volume in excess of their baseline volume.

The incentives will continue each year, using previous calendar year as the baseline and current calendar year as the performance period, until the Postal Service decides to end the initiative

Eligibility Criteria

1 Products Eligible for Each Growth Incentive

Products that are eligible for the **First-Class Mail Growth Incentive** include:

- First-Class Mail Presort Letters
- First-Class Mail Presort Cards
- First-Class Mail Presort Flats

Products that are eligible for the **Marketing Mail Growth Incentive*** includes:

- Marketing Mail Letters and HD/Saturation Letters
- Marketing Mail Flats and HD/Saturation Flats
- Marketing Mail Carrier Route
- Marketing Mail Parcels and Saturation Parcels

2 Volume Requirement

To qualify for any credits, mailers must have had a **minimum volume of 1 million pieces** mailed during the incentive period (Jan-Dec 2026)

Incentive Details (for 2026)

Credit for Mail Volume in Excess of CY25 Volume

Mailers will receive a credit for any volume in excess of CY25 baseline volume. Incremental volume above one million pieces and this baseline will be eligible for a **30% credit** that will be issued quarterly (CY26 Q2, Q3, and end of CY26).

Baseline Period: January 2025 – December 2025 (CY 2025)

Registration Period: February 2026 – May 2026

Incentive Performance Period: January-December 2026

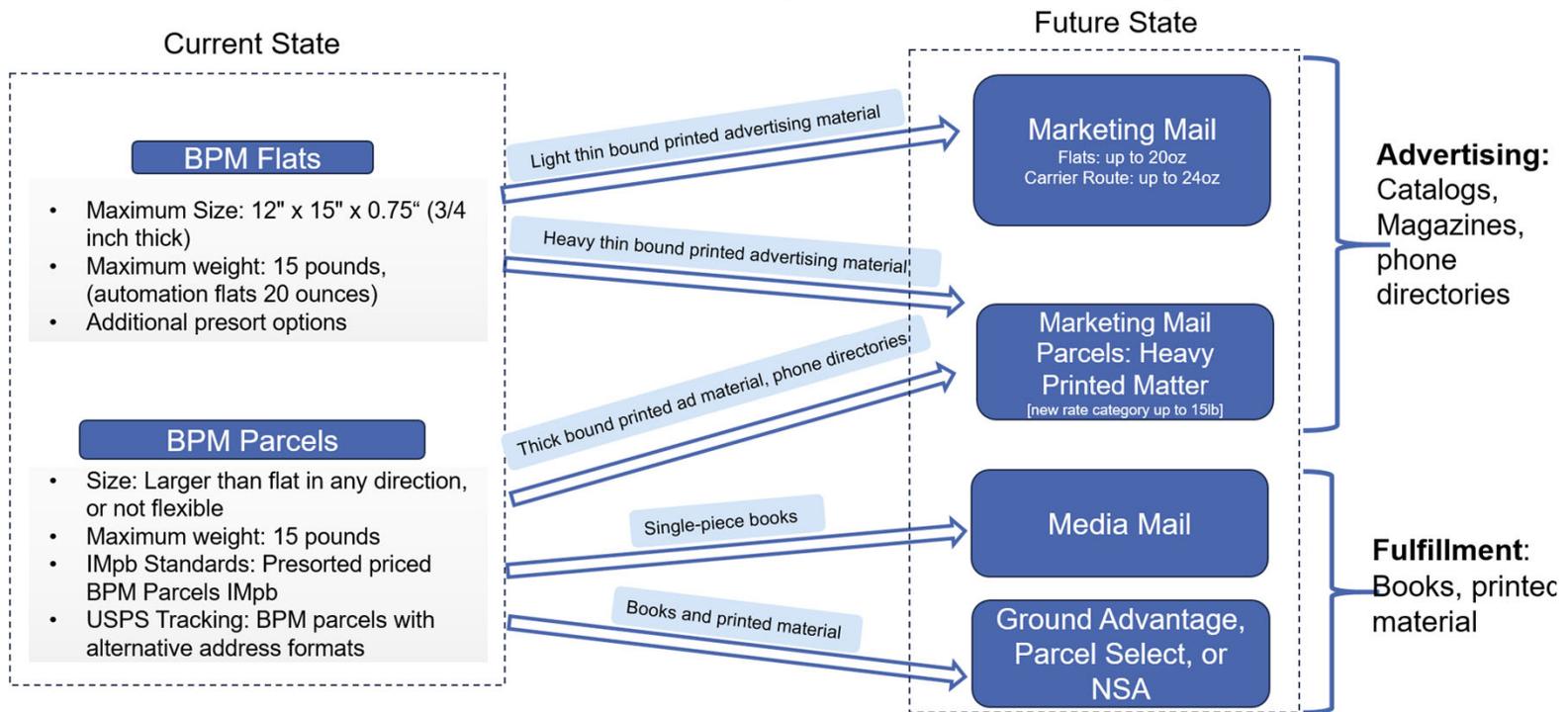
Earned Credit to Customer Account Upon Request of Customer:

- July 2026
- October 2026
- January / February 2027

*Every Door Direct Mail - Retail is not included

What's Coming?

Elimination of Bound Printed Matter and Expansion of Marketing Mail



What Else is Coming?

Marketing Mail and Periodicals Zone-Based Prices



CURRENT STATE

CONSOLIDATED RATE STRUCTURE

The current rate structure offers uniform prices for entry location types regardless for how far the mail must be transported within the network.

OVERSTATED DISCOUNTS

Dropship discounts are mostly overstated for short distances: it reflects average cost of non-dropshipped pieces, and the discount widens as more mail is dropshipped further distances



JANUARY 2026 PROPOSAL

RETAIN DROPSHIP INCENTIVES

Retain dropship incentives and prices for DSCF and DDU entry. Change discount for DDU to be based on the transportation avoided from DSCF, not Origin. DSCF discount will be priced cheaper than Origin.

ZONED ORIGIN PRESORT PRICES

Introduce 4 zone-based origin entry prices. Prices reflect distance from origin RPDC entry to destination LPC. Prices more aligned to actual mileage and better reflect value of service provided.

FLAT RATE PRICE FOR MIXED MAIL

Provide a simple, flat-rate price for origin-entered mixed mail, simplifying mail preparation.

Proposed Mail Zone Structure

- A. Origin RPDC less than 7 hours from DLPC (Proposed 2-day service for FCM)
- B. Origin RPDC between 7-24 hours from DLPC (Proposed 3-day service for FCM)
- C. Origin RPDC between 24-45 hours from DLPC (Proposed 4-day service for FCM)
- D. Origin RPDC greater than 45 hours from DLPC (Proposed 5-day service for FCM)

There is a need to further **align pricing** to actual transportation distance and costs

2026 Change Recap

January 2026 Structural Changes

Elimination of Area Distribution Center Rates: There is no value associated with presorting mail at the ADC level, therefore Labeling Lists for ADC and SCF preparation will align soon. Rates will be eliminated in First-Class Mail, Marketing Mail, and Periodicals.

Elimination of Network Distribution Center Presort Rates: With the completion of the NDC unwind initiative, there is no value to presorting mail for NDC facilities. Rates will be eliminated in the Marketing Mail Parcels rate structure.

Introduce Zone-Based Pricing: Introduce a zone-based price structure for Marketing Mail and Periodicals Origin-entered mail. These zones will be defined based on Leg 2 service standard bands. Prices for DSCF and DDU-entered mail will continue but origin presorted prices will be segregated into 4 zones (and mixed a flat rate price).

Simplify and Align Periodicals Price Structure: The current Periodicals rate structure is unique and complex, requiring the application of multiple rates for a single mail piece. Periodicals rates will be aligned to resemble the Marketing Mail rate structure to streamline and simplify postage calculation. Rates for Advertising/Editorial, as an example, will remain.

Expansion of Marketing Mail to Support BPM: Expand Marketing Mail Flats weights to 20 ounces and 24 ounces for Carrier Route. Expand Marketing Mail Parcel weight to 15 pounds and introduce new Heavy Printed Matter rate category. Extend Marketing Mail Flats containerization discounts to Heavy Printed Matter.

Unknowns?

New PMG David Steiner!



Thank You!

- PRC Filing: <https://prc.arkcase.com/api/prc-dockets/filing/downloadFile?fileId=241219&inline=true>
- July 13, 2025 Rates: <https://pe.usps.com/PriceChange/Index#JulyPriceChangeSection>
- USPS Promotions: <https://postalpro.usps.com/promotions>
- USPS Mail Growth, Catalog, & Marriage Mail Incentives: <https://postalpro.usps.com/msi>
- Postal Explorer (USPS Resource): <https://pe.usps.com/>
- Delivering For America Plan: <https://about.usps.com/what/strategic-plans/delivering-for-america/>

