

**January 2018
Market Dominant
Price Change**

**WILDS
August 24, 2017**

- **Governance**
 - With current financial challenges, needed pricing contingency in case no Governors were confirmed
 - Need to maintain predictable/stable rates
 - Assure adequate revenues to maintain financial stability
 - Governor authorized both a Market Dominant and a Competitive price change case

- **Governor Only Intended a Backstop**
 - No Significant Substantive MCS Changes
 - No 2018 promotions calendar in Jan. 2018 filing
 - Limited structural changes for Jan. 2018

- Most products 2% increase +/- 1%
- Use available information to produce best financial outcome
 - Considering public policy and regulatory requirements
- Maintain key rate relationships for stability and to gauge market response
- Address workshare discounts over 100%
 - Bring most pass-throughs to or below 100%
 - Justify those pass-throughs that remain over 100%

- Single Piece
 - Letters – Increase near CPI
 - Flats – Two times the price of SP Letter which allows consumers to apply two stamps
 - Additional Ounces – No change
- Meter Mail - Maintain 3 cent meter gap for market stability
- Presort
 - Letters – Solve for remaining cap space
 - Letter Gaps – Presort discounts remain stable
 - Flats – Narrow pass-throughs
- FCM Retail Parcels – Move to competitive on Sept. 3, 2017

Operational Changes

- Simplify Postage Statement for FC Residual
 - Removed two lines from Postage Statement
 - Mail on removed lines will be merged and entered on new line at blended rate
 - Changes designed to simplify FC Postage Statement and increase ease of use
- Limit goods in letter & flat shaped items – FCMI, IPA, and ISAL
 - Only documents in letters/flats under new Universal Postal Convention

- Letters – Most rate categories increase near CPI
 - High Density Letters – Above average to shrink gap between HD and 5D
 - Narrow letter dropship as required by PRC
 - Commitment to reduce passthroughs by at least 10 percentage points
 - No major changes to other Presort discounts
 - Nonprofit – NP Letters receive higher than average increase
- Carrier Route, HD and Sat. Flats - below average increases, encourage continued mail use for marketing activities
 - Spread between presort levels (from 5D DSCF piece rate) may widen
- Flats – 105% of Cap as directed by the PRC
 - Presort Gaps maintained at current levels

Operational Changes

- Order of pallet preparation for CR Pallets in non-FSS zones
 - Updating the order of pallet preparation to increase number of pure CR Pallets
 - Incent direct pallets to avoid bundle sorting

- Inside County - receives average increase

- Outside County
 - Pound rate element – No increase
 - Piece rate element – Above average increase
 - Bundle element – Above average increase
 - Sacks element – Above average increase to incent operational efficiency

Operational Changes

- Order of pallet preparation for CR Pallets in non-FSS zones
 - Updating the order of pallet preparation to increase number of pure CR Pallets
 - Incent direct pallets to avoid bundle sorting

- All products increase approximately 2%

Operational Changes

- Add BPM Flats to Comail
 - Allows BPM Flats to be added to comail structure with USPS Marketing Mail and Periodicals
 - Must be entered at DSCF and DDU
 - Provides service standard clarity



Questions?